

Title I and Title II Finance Meeting

Regional Meeting
October 2017

Agenda

- Federal Programs Background
- Maintenance of Effort
- Comparability
- Title I Allowable Use of Funds
- Title II Allowable Use of Funds
- SCDE Financial Services Update
- Regulations and Important Items
- Risk Assessment / Audit Findings
- Supplement, Not Supplant
- Inventory
- Equitable Services to Private Schools under Title I, Part A

Elementary and Secondary Education Act of 1965

Roy Stehle

Director, Federal and State Accountability

- Title I is the first title in the ESEA of 1965 as reauthorized as the NCLB Act of 2001 and now as ESSA of 2015.
- Title I is the largest federal aid program for K-12 schools.
- The purpose is to ensure that all students have a fair, equal, and significant opportunity to obtain a high-quality education and reach, at a minimum, proficiency on challenging state academic achievement standards and assessments.



President Lyndon B. Johnson signing ESEA of 1965.



President Barack Obama signing ESSA in December 2015.

Title I

- South Carolina receives over \$200 million in Title I funds.
- The vast majority of funds are allocated to districts, and through districts, to schools.
- Title I is designed to support state and local school reform efforts.
- Title I is designed to support teaching and learning for students who are most at risk of not meeting state standards.



Title II

- Title II provides funding to states for professional development and for class size reduction teachers.
- ESSA places emphasis on professional development of teacher leaders and school and district administrators.
- Class size reduction teachers are allowed, but must be supported by research.
- S.C. receives about \$27 million in Title II funding, but the formula is going to change under ESSA. The state may see a reduction in the future.



Title I/ Title II

- Coordinators have a **major responsibility** to see that the funds that flow to the districts are used for the educational purposes intended in the law.
- Coordinators have a **major role** in overseeing that the funds which are spent are in compliance with applicable laws, regulations, and guidance.
- Coordinators need to be well versed in both program and compliance.

Title I/Title II

- Coordinators need to be up-to-date on the latest in education reform efforts and to understand curriculum and instruction.
- Coordinators need to know the law, the regulations, and guidance related to Title I.
- Coordinators also need to be familiar with EDGAR (Education Department General Administrative Regulations).

Title I

Tips to survive:

- Learn federal programs from multiple perspectives.
- Evaluate your program activities.
- Understand and control your budgets.
- Tap outside resources.
- Train your staff and those you work with.
- Be visible – be the Title I expert.
- Seek help from veterans.
- Work with your SEA staff.

Questions



Maintenance of Effort

Greg King
Education Associate

What is MOE?

- Maintenance of Effort (MOE) is a federal requirement that requires grant recipients and/or sub-recipients to maintain a certain level of state/local fiscal effort to be eligible for full participation in federal grant funding.



In Other Words

- MOE requires LEAs to demonstrate that the level of state and local funding remains relatively constant from year-to-year.
- An LEA may receive Title I funds only if the LEA has maintained its fiscal effort.

The Underlying Principle

- The district is responsible for maintaining effort in providing a free public education to all students from year to year.
- Title I is *in addition (supplemental)* to the required education that all students receive.

Purpose

- To ensure the recipients of federal funds do not spend those funds in place of state and local dollars (supplanting)
- To ensure the recipients spend their state and local funds for the same activities that would be provided if federal dollars were not available



Step 1:Preceding Year Audit Report Total Expenditures:

(Refer to the audited Location Reconciliation Schedule)

\$ 15,200,000

Step 2:

Items Subtracted From Total Expenditures in Step 1:

(List page number for each data source from Audit Report.)

Federal Expenditures (SEFA)	<u>Page</u>	\$595,000
Capital Outlay (Attach Report)		170,000.00
Debt Service	<u>Page</u>	73,500.00
Community Services	<u>Page</u>	1,600.00
Pupil Activity Fund	<u>Page</u>	45,000.00
Intergovernmental	<u>Page</u>	9,800.00
Total Amount Excluded:		\$ (894,900.00)

Total Expenditures for MOE Calculation: \$ 14,305,100.00

Step 3:

135 ADM: 2,105

The per pupil MOE calculated for the preceding yearfrom Audit Year 2016: \$ 6,795.77Step 4:The per pupil MOE calculated for the second preceding yearfrom Audit Year 2015: (Attach Worksheet) \$ 6,576.98

Met MOE Requirements? *

Met MOE

*Compare the per pupil MOE in step 3 to the per pupil MOE of step 4. The per pupil amount in step 3 must be not less than ninety percent of the per pupil amount in step 4 to meet the MOE requirement.

Items Removed From MOE Calculation

Expenditures for

- Community Services
- Capital Outlay
- Debt Service
- Pupil Services (272 & 273)
- Supplementary expenses as a result of a presidentially declared disaster
- Funds provided by the Federal Government

“Meeting” MOE

- MOE is based on the two previous years.
- Districts meet MOE for 2016 – 2017.

2016 state/local effort = is at least 90% of 2015.

Meeting MOE

MOE for 2015:	\$7,305.50	
MOE for 2016:	\$6,940.22	(-365.28) (95%)
90% of \$7,305.50 =	\$6,574.95	
\$6,940.22 > \$6,574.95	MOE has been met	

Not Meeting MOE

MOE for 2015:	\$7,305.50	
MOE for 2016:	\$6,209.67	(-1095.83) (85%)
90% of \$7,305.50 =	\$6,574.95	
\$6,209.67 < \$6,574.95	MOE has not been met	

\$6,574.95 is the minimum target number for next year.

Note:

- SEA must determine maintenance of effort most favorable to each LEA.
- Allocation reduction if an LEA fails to meet the MOE requirement.

Waiver Requests

The state has no authority to waive the MOE requirement. The U.S. Dept. of Education may waive the requirement for the following:

- Exceptional or uncontrollable circumstances, such as natural disaster **or**
- A precipitous and unforeseen decline in the financial resources of the State... basically, situations that you would not want to be in

ESSA Changes

1. An LEA may fail to meet the Maintenance of Effort (MOE) test once every five years without penalty. 20 USC 7901 (b)(1)
2. Waivers may now include “a change in the organizational structure of the LEA”. 20 USC 7901 (c)

ESSA Changes

1. An LEA may fail to meet the Maintenance of Effort (MOE) test once every five years without penalty.
 - a) If an LEA fails to meet MOE in the current year **AND** has failed to meet it in the previous five years, a penalty will be assessed.
 - b) The penalties have not changed.

ESSA Changes

2. Waivers may now include “a change in the organizational structure of the LEA”.

20 USC 7901 (c)

- a) Very Vague
- b) Call your project manager at the SCDE for assistance.

ESSA Changes

The penalties for not meeting Maintenance of Effort remain the same.

A reduction of Federal grant funding in the percentage that the MOE was missed.

- Waivers are getting tougher to obtain.
- Make every effort to meet your MOE.
- We are here to help you...Let us.

Tips To Meeting and Reviewing MOE

- Don't reinvent the wheel.
 - Use and fully complete the form from the SCDE website...The form works! Do not use "custom" forms.
 - <http://ed.sc.gov/policy/federal-education-programs/title-i/title-i-administration/maintenance-of-effort-moe-and-comparability/maintenance-of-effort-moe/>
- Program directors work closely with your finance directors.
- Review quarterly (Give yourself time to make adjustments.)
- Ask questions.

Due to state/local budget reductions, meeting the MOE 90% requirement may be much more difficult to achieve!!!

Coordinate with district financial staff and the Office of Federal and State Accountability to prepare!!!

Greg King
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gking@ed.sc.gov

Questions



Comparability

David Boison
Education Associate

Comparability

- Comparability means **FAIRNESS**.
- **Fairness** in funding
- **Required** by ESSA, Section 1120A(c)

Comparability

- Required **every year** you receive Title I funding
 - **Unless** one school per grade span
 - **Or** one large school and one small school

Comparability

- Complete by **NOVEMBER 15**
- Comparable by **JANUARY 15**

Comparability

Federal criteria:

- District-wide salary schedule
- District policy to ensure equivalence of staff
- District policy to ensure equivalence in materials and supplies
- **Assurance # 27!!!**

Comparability

Federal criteria (continued)

- Test
- SCDE picks the test
- In SC, the test = **student : teacher**

Comparability

- If student:teacher ratio does not work:
 - Adjust funding source
 - Use another method (contact SCDE first)
 - Move people

Comparability

PROCEDURE:

- Must count students and teachers **ON SAME DAY!**
- Compare Title I schools by grade spans you serve,
- Compare non-Title I to Title I schools, *or*
- If all Title I schools, compare least poor to most poor.

Comparability

PROCEDURE: (continued)

- Count students using the district's **ADM** program.
- Count allowed staff using best possible system (ex. personnel or finance).
- Do not count three year olds or four year olds.

Comparability

PROCEDURE: (continued)

- Source data must be **verifiable** by an auditor.
- Social security numbers and salaries are **not** needed.
- A K-8 school can be counted as one K-5 and one 6-8 school.
- A K-2, 3-5 or similar school can be excluded if only one in district.

Comparability

PROCEDURE: (continued)

- Use SCDE form
 - or
- District produced form (as long as all information is included)

Comparability

School	Grade Span	Student Enrollment	FTE Instructional Staff	Student/ Instructional Staff Ratio	Comparable?
Title I Elementary Schools					
Beaufort Elementary	KG - 5	528	70.2	7.5	Yes
Broad River Elementary	KG - 5	510	49.4	10.3	Yes
Davis Elementary	KG - 5	417	38.7	10.8	Yes
Shanklin Elementary	KG - 5	726	59	12.3	Yes
Port Royal Elementary	KG - 5	189	16	11.8	Yes
St. Helena Elementary	KG - 5	808	56	14.4	No
Shell Point Elementary	KG - 5	673	60	11.2	Yes
Non-Title I Elementary Schools					
Hilton Head	KG - 5	1,764	114.5	15.4	
Lady's Island	KG - 5	757	70.0	10.8	
MC Riley	KG - 5	1,005	88.0	11.4	
Mossy Oaks	KG - 5	484	42.0	11.5	
Total		4,010	314.5	12.8	
110% of Student/FTE ratio for non-Title I schools *					14.08

Questions



Title I Allowable Use of Funds

Jewell Stanley

Title I and Title II, Team Leader

Allowable Use of Funds

Levels of Complexity:

- 2 CFR Part 200 – Basic allowability
- EDGAR Part 76 – General allowability for the USED
- ESEA Law and Regulations
- ESEA Program Guidance
- USED Policy Letters



2 CFR Part 200

(200.403)

To be allowable, a cost must **generally**

a.) be necessary and reasonable for the performance of the Federal award and allocable thereto under these principals.

2 CFR Part 200

- b.) Conform to any limitations or exclusion set forth in these principals or in the Federal award as to types or amounts of cost items;
- c.) Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity.

2 CFR Part 200

- d.) Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.

- e.) Be determined in accordance with generally accepted accounting principles (GAAP), except for state and local governments.

2 CFR Part 200

f.) Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either current or a prior period.

g.) Be adequately documented.

Allowable Costs in an LEA Plan

Types of District Set-Asides

Required Set-Asides:

1. Parent Involvement - One percent (1%) of the current year allocation must be reserved (if current allocation is \$500,000 or more).
 - Ninety (90) percent of the 1% for Parent Involvement **must** be allocated to Title I schools.
2. Homeless - District **must** set aside funds for homeless (no pre-determined percentage is required).

Required set-asides (cont.):

3. Highly Effective (HE) ~~Highly Qualified (HQ)~~
Professional Development – Ensure that all Title I
teachers meet state certification and licensure
requirements.

(HQ is no longer required according to the
Transitioning to Every Student Succeeds Act
(ESSA) Frequently Asked Questions document
dated June 29, 2016. See question C-7.)

Non-required Set-Asides:

1. LEA Administration: Used for funding administrative staff, supplies, equipment, travel, etc. at the district level for Title I administrative purposes.
2. Other – Summer school, pre-school programs, additional professional development, school improvement, etc.
 - * Activities must be in Title I schools only, except pre-school programs.

District Set- Asides

Reflects:

District's total requested amount	\$ 2,460,545.00
— District's set-asides	— 326,215.00
Amount available to allocate to schools	\$2,134,330.00

Consultation

LEAs must consult with teachers, pupil services personnel (where appropriate), principals, and parents of children in participating schools in determining, as a part of the LEA plan, what reservations are needed.

Remember that **poverty** is the only factor on which a district may determine funding. In other words, an LEA may not allocate funds based on the instructional model, educational need, or any other non-poverty factor.



Supplemental District Set-Asides

Guiding principles- All plans should be examined to determine if supplement, not supplant will be violated.

- Examine activities, programs, or interventions to see if they fit best in a school allocation or as a district set-aside.
- Have rationale or justification for placing the funding for programs, activities, or interventions in a district set-aside instead of allocating funds directly to the schools.

Supplemental District Set-Asides

- USED monitoring of states has resulted in findings of district set-asides where funds were used or distributed to schools without regard to poverty or per pupil allocation (PPA).

Supplemental District Set-asides

- Rationale for set asides should be apparent.
(Examples- LEA Administration, district sponsored Title I summer school program held at one site serving several schools, Pre-K).

Note: If the district is serving private schools, then these schools need to be consulted as well when planning supplemental set-asides.

Supplemental District Set-asides

Examples of Allowable District Set-Asides:

- LEA administration including indirect cost
- Preschool programs
- Parent Involvement above the 1%
- Specific program strategies at Title I schools
- District wide staff to work at Title I schools
- **Supplemental** nurses/social workers
- District interventions at Title I schools that are “Focus”, “Priority” or by Federal Accountability Grade, such as schools earning a “D” or “F” rating

Supplemental District Set-Asides

- Set-asides for the purchase of supplies and technology without being tied to an allowable activity, program, or intervention are not allowable.

Allowable Use of Funds in School Wide Plans

Implementing a Schoolwide Program

There are three components of a schoolwide program that are essential to effective implementation:

- Conducting a comprehensive needs assessment of the entire school,
- Preparing a comprehensive schoolwide plan; and
- Reviewing the schoolwide plan annually.



Make the Connection

- The schoolwide activities must tie back to the comprehensive needs assessment.
- Do not include an activity or expenditure if the school cannot demonstrate a need for it in the comprehensive needs assessment.



Allowable vs Non-allowable

Allowable

- Salaries and Benefits
(teacher to reduce class size or to provide remediation services)
- Professional Development
(Conference attendance or bringing in a speaker or consultant)
- Instructional Supplies and Materials
(purchasing supplemental reading or math programs; books for PLCs)
- Family Engagement Activities
- Extended Day Programs

Non-allowable

- Entertainment Costs
(including amusement, social activities, and ceremonials and any associated costs)
- Field Trips (amusement parks; fairs)
- Gift Certificates/Gift Cards
- Student Incentives **
(exceeding 1% of allocation)

Allowable Costs

In deciding whether a cost is allowable, you need to decide if it fits the grant program.

- Do your homework as not everyone you talk to will have the “right” answer.
- Look at flexibility as what you want to do may not fit one grant program, but may fit another program.
- Be able to “defend” your position and your decision.

When determining if expenditures are appropriate, ask the following questions:

- How does this expenditure directly support student achievement for at-risk students?
- How does this expenditure directly support meaningful professional development?



When determining if expenditures are appropriate, ask the following questions:

- How does this expenditure increase the participation of parents in school activities or assist parents to support student achievement?
- How does this expenditure foster continuous improvement and evaluate activities to modify or discontinue?



Allowable Costs

- There is no single list of allowable Title I or ESEA activities.
- Check with your district's policies. District policies can be more restrictive than Title I regarding allowability.

Allowable Costs

If you are unsure about whether a cost is allowable – always check with your Finance Department and your Title I Program Manager (SCDE).



Title II Allowable Use of Funds

Karen Cook

Title II, Part A State Coordinator

Necessary and Reasonable

- Reasonable means costs:
 - Should not exceed that which would be incurred by a prudent person under similar circumstances.
 - Should be in the LEA plan.
 - Reflect sound business practices.
 - Reflect market prices for comparable goods and services for the geographic area.

Supplement, Not Supplant

- Title II funds may be used only to supplement educational program activities provided with state and local funds.
- The LEA may not use Title II funds to pay for activities that, in the absence of these funds, would be provided with state and local funds.
- Title II funds may be used to fund only the PD activities that supplement those mandated locally or by the state, and can supplement those discretionary PD activities that the LEA would fund in the absence of other local and/or state funding.

Supplement, Not Supplant

In the following instances, supplanting is presumed to have occurred if

- The LEA used Federal funds to provide services that were required under other Federal, State or local laws.
- The LEA used Federal funds to provide services that were provided with non-Federal funds in the prior year.

Allowable Uses of Funding

- I. Initiatives to recruit and retain highly effective (HE) teachers
- II. Professional development to increase teacher knowledge and improve instruction in the classroom
- III. Professional development to improve the quality of instructional leadership teams, principals and other school leaders
- IV. Multiple career paths
- V. Teacher advancement initiatives

I. Recruit and Retain HE Teachers

- Signing bonuses
- Differential pay
- Recruitment fair registrations and travel
- Induction programs
- Teacher mentors
- Class size reduction
- Incentives for teachers and principals who have a record of success

Class Size Reduction (CSR)

LEAs may reduce class size by creating additional classes in a particular grade or subject and placing qualified teachers hired with program funds in those classes.

- Federal funds cannot be used to meet state or local class size requirements.
- The school and grade level for CSR must be documented in the Needs Assessment and listed in the online application.
- CSR cannot be used for gifted or SPED programs.

CSR – Required Documentation

- CSR Worksheet
- School master schedule in chart format for each school that has a CSR teacher
- Daily schedules or teachers grouped by grade level or content area
 - Self Contained: Grade level, total number of students in each class
 - Departmentalized: Course name for each class, total number of students in each class
- Semi-annual certification(s)

II. Professional Development (PD) Definition

The term “professional development” means activities that –

1. Are an integral part of the district strategies for providing educators....with the knowledge and skills necessary to enable students to succeed in a well-rounded education and to meet challenging state standards; and
2. Are sustained (not stand-alone, 1-day, or short term workshops), intensive, collaborative, job-embedded, data-driven, and classroom-focused.

II. PD - Teachers

- Improve content knowledge
- Improve instructional practices such as:
 - Addressing the needs of students with different learning styles
 - Improving student behavior in the classroom
 - Involving parents in their children's education (especially limited English proficient)
 - Understanding and using data and assessments to drive instruction
 - Integrating technology into instruction
- Supplements, stipends, and substitutes

PD - Supplies

Title II funds can be used to purchase PD supplies that are reasonable and necessary to carry out the PD.

- MAY purchase professional learning books for a book study on a topic that aligns with the needs assessment
- MAY NOT purchase books to stock a professional learning reference library
- MAY purchase 15 graphing calculators for 15 teachers to use during PD on math content
- MAY NOT purchase a classroom set of graphing calculators for the teacher to implement the strategies learned

III. PD - Leadership

- Under section 2103 (b)(3)(E) of ESEA, as amended by ESSA, districts may use Title II funds to provide PD for:
 - Teachers
 - Instructional leadership teams
 - Principals
 - Other school leaders

School Leader Definition

- Section 81010 (44) of ESEA, as amended by ESSA, defines “school leader” as a principal, assistant principal, or other individual who is
 - A. An employee of an elementary or secondary school, district, or other entity operating an elementary or secondary school
 - B. Responsible for the daily instructional leadership and managerial operations in the elementary or secondary school building

PD - Leadership

- Professional development to help principals and superintendents become outstanding managers and educational leaders
- Development and support of academies to help talented aspiring principals or superintendents

IV. Multiple Career Paths

- PACE program
- CATE Work Based Certification Program
- Teach for America
- EPI

V. Teacher Advancement

- Promote professional growth
- Emphasize multiple career paths
 - Mentor training
 - Additional certifications (Montessori, GT, ESOL, etc.)
 - National Board
 - Advanced degrees

Non-Allowable Activities

- Food
- General substitute teachers
- Instructional materials
- MAP testing and other benchmark testing
- Technology /equipment
- Recruitment giveaways with district logo

Cost Principles

Travel

- Travel costs are allowable for approved expenses for transportation, lodging, subsistence, & related items incurred. Such costs may be charged on an actual cost basis, on a per diem or mileage basis in lieu of actual costs incurred, or on a combination of the two, provided the method used is applied to an entire trip, and results in charges consistent with those normally allowed in like circumstances in non-federally-sponsored activities.

MEALS	DEPART BEFORE	RETURN AFTER	IN-STATE	OUT- OF- STATE
Breakfast	6:30 AM	11:00AM	\$ 6.00	\$ 7.00
Lunch	11:00 AM	1:30 PM	\$7.00	\$9.00
Supper	5:15 PM	8:30 PM	\$12.00	\$16.00
DAILY MAXIMUM ALLOWANCE			\$25.00	\$32.00

- Lodging – GSA rates (www.gsa.gov/perdiem)

Carryover

- Does not exist for Title II, Part A
- Funds are available for two grants simultaneously:
 - 2017 Title II: July 1, 2016-June 30, 2018
 - 2018 Title II: July 1, 2017-June 30, 2019
 - Continue to spend 2017 Title II money on activities that were approved in the 2017 Plan.
 - Spend “old money” first.

Questions





SCDE Financial Services Update

Michael Thom
Director of Finance

Overnight travel that will exceed the federal lodging rate must be submitted for approval and signature to the division deputy, CFO and Superintendent prior to the trip, even if the traveler is sharing the room with another participant and splitting the costs. Procedures also apply to non-state employees and non-SCDE employees traveling on behalf of the SCDE. Federal lodging rates are found at <http://www.gsa.gov>. Click on the per diem rates link.

If overnight travel exceeds the federal lodging rate a justification must be attached to the TRA form explaining why that particular hotel was selected. Traveler should contact at least three hotels within the vicinity to secure the lowest lodging rate. Other acceptable justifications for exceeding the federal lodging rate are listed below:

- a. Traveler requested that the hotel provide lodging accommodations at the federal lodging rate and the request was denied. Reasonable attempts were made to find a hotel facility that accepts the federal lodging rate.
- b. Hotel is the site of the event or conference. Hotel is holding rooms for the event/conference at a special rate for state employees.
- c. The cost to travel between a hotel offering the federal lodging rate and the conference site exceeds the difference between the conference hotel rate and the federal rate.
- d. Traveler is sharing room with another participant and splitting lodging cost.
- e. Hotel selection is based on safety reasons. Interior entrances and exits versus exterior entrances and exits to hotel room.



- SCDE Grants Accounting & GAPS
- Statewide Program on District Fiscal Practices and Budgetary Conditions
- Questions & Answers





Grants Accounting & GAPS

Title I Coordinators Request Grant Coordinator Role for GAPS

- Regardless of whether they are the individual entering budget or not

Quarterly Expenditure Reporting Required

- Due by end of month following end of quarter once budget has been approved
- If these aren't submitted timely, the risk assessment score will go up.

Budget amendments must be submitted prior to expenditures being obligated – federal regulations state that expenditures must be approved prior to obligation. If not, you're out of federal compliance.

Please Note: General deadline for budget amendments is three weeks prior to end of expenditure period unless noted differently in GAN.



Grants Accounting and GAPS (continued)



**Final submission deadline for June 30, 20XX ,
Expenditures will always be August 15, 20XX,
regardless of the award period of the grant and/or the
day of the week that this date falls on.**

General Due Dates

- 7/1/17 – 9/30/17 Due 10/31/17
- 10/1/17 – 12/31/17 Due 1/31/18
- 1/1/18 – 3/31/18 Due 4/30/18
- 4/1/18 – 6/30/18 Due 8/15/18

But... Some grants have other “deadlines”.



GAPS Tutorials and Training

Grants Accounting - Sou X

Secure | https://ed.sc.gov/finance/grants-accounting/

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SEARCH

Districts & Schools Tests Educators Instruction Data Policy **Finance** SBE

How do I? Login

Home / Finance



GAPS

- Title I and Title II Meeting Presentation - August 2016
- Instructions for Budget Amendments and Budget Decreases
- How to Run Reports
- Tutorials/Videos/PowerPoint Presentations
- How to Perform Screen Printing

Payments Through Grants Accounting Section

- Weekly Payments made to School Districts

Forms

- SLP-4 Form and Instructions
- Budget Report
- Expenditure Report



Grants Assignment Contact List

GRANTS ACCOUNTING SECTION		
FY 17-18 Grants Accounting List		
<u>REVENUE CODE</u>	<u>PROGRAM</u>	<u>GRANT ACCOUNTANT RESPONSIBLE</u>
STATE & EIA FUNDS		
3594	EDUCATION & ECONOMIC DEVELOPMENTAL ACT (EEDAEIA)	Sequoyah Burden
3599	GIFTED & TALENTED	Anna Marie Nicosia
3509	ARTS	Anna Marie Nicosia
3525	CAREER & TECHNOLOGY-EQUIPMENT-EIA	Sequoyah Burden
3592	CAREER & TECHNOLOGY-WORK BASE LEARNING-EIA	Sequoyah Burden
3592A	WBL CAREER SPECIALIST-EIA	Sequoyah Burden
3592B	WBL STAFF DEVELOPMENT-EIA	Sequoyah Burden
FEDERAL FUNDS		
4310	TITLE I-REGULAR	Sequoyah Burden
4999	MIGRANT EDUCATION OSY Consortium	Anna Marie Nicosia
4310	TITLE I SCH IMP/DISTINGUISHED SCHOOLS	Sequoyah Burden
4310	NEGLECTED & DELINQUENT - (STATE AGENCIES)	Sequoyah Burden
4310	MIGRANT EDUCATION	Anna Marie Nicosia
4314	SCHOOL IMPROVEMENT GRANT (SIG)	Pearlie Gantt
4320	CHARTER SCHOOLS (CSP)	Pearlie Gantt
4310	TITLE I-PRIORITY SCHOOLS	Sequoyah Burden
4310	TITLE I-SCHOOL SUPPORT	Sequoyah Burden
4341	ENGLISH LANGUAGE ACQUISITION	Anna Marie Nicosia
4312	TITLE VI-REAP	Anna Marie Nicosia
4510	IDEA	Gail Gladden
4520	PRE-SCHOOL GRANTS	Gail Gladden
4924	21st CENTURY COMMUNITY LEARNING CENTERS GRANT	Pearlie Gantt
4570	CRADLE TO CAREERS GRANT	Gail Gladden
4410	FEDERAL ADULT EDUCATION ALLOCATION GRANT	Gail Gladden
4410	FEDERAL ADULT EDUCATION GRANT	Gail Gladden
4999	HOMELESS CHILDREN - (MCKINNEY)	Anna Marie Nicosia
4310	TITLE I-FOCUS SCHOOLS	Sequoyah Burden
4325	MATHEMATICS SCIENCE PARTNERSHIP PROGRAM	Pearlie Gantt
4310	TITLE I-NEGLECTED & DELINQUENT	Sequoyah Burden
4342	SC TAP	Gail Gladden
4351	IMPROVING TEACHER QUALITY - Title II	Anna Marie Nicosia
4348	TEACHER INCENTIVE FUND THREE (TIF3)	Gail Gladden
4210	CAREER & TECHNOLOGY EDUCATION-VOCATIONAL EDUCATION	Sequoyah Burden
4810, 4830	SCHOOL NUTRITION PROGRAM (SNP)	Tyra Johnson
4870	SCHOOL FOOD EQUIPMENT	Tyra Johnson
4860	FFV	Tyra Johnson

Q&A

Who do I contact if I have problems accessing my grants or have new employee to load into GAPS?

School district IT Staff have SCDE Web Application Access and can set up new users or make changes to GAPS user roles.

Who do I contact if my original budget or amendment is not approved in a timely manner?

Questions related to **Budget/Budget Amendment Status** need to go to the specific SCDE Program Office – Grants Accounting Staff can't approve or return these items.

Who do I contact if my expenditure claim is not approved timely?

Questions related to **Expenditures/Expenditures Refunds Status** need to be sent to the SCDE Grants Accounting Office at grantsaccounting@ed.sc.gov.



What do I do if I have an issue running a GAPS report?

The Grants Accounting Office is available for technical assistance. Please explain your issue, include screenshots of each step, and send to the Grants Accounting Office at grantsaccounting@ed.sc.gov

You're always welcome to copy your assigned Grants Accountant on email submissions. However, the grants accounting email box is monitored all day, chances are, you will hear back from someone more quickly when your question is submitted through this box. Also, this allows us to maintain a tracking system so that we can watch for potential issues affecting multiple users so we can begin trouble shooting the issue.

The Legislative Mandate

Statewide Program on District Fiscal Practices and Budgetary Conditions

- On May 9, 2017, Governor McMaster approved the Act 23, which directs the South Carolina Department of Education (SCDE) to develop and adopt a statewide program on fiscal practices and budgetary conditions.
- The State Department of Education shall work with district superintendents and finance officers to develop and adopt a statewide program with guidelines for:
 - identifying fiscal practices and budgetary conditions that, if uncorrected, could compromise the fiscal integrity of a school district; and
 - (2) advising a district identified under item (1) to take appropriate corrective actions.
- S.C. Code Ann. § 59-20-90(A) (2017).



East Knox Local School District Placed in Fiscal Watch

Ohio



COLUMBUS, Ohio, Sept. 30 -- The Ohio State Auditor issued the following news release:

are to provide an acceptable financial recovery plan prompted Dave Yost today to place East Knox Local School District (Kn state of fiscal watch.

Improvements cannot be made without a well-laid plan," Auditor office is ready to work with the district to help guide it toward health."

The school district was first placed in fiscal caution on September 4, 2012 by the Ohio Department of Education. The declaration was based on an anticipated deficit for the fiscal year ending June 30, 2012, as well as the potential for deficits in future years. The district was required to submit a recovery plan to address its financial issues. No such plan has been submitted.

East Knox Local School district must now submit a financial recovery plan within 60 days of today's declaration. If the school district is unable to submit

2016 election preview: Cardinal School District hopes to avoid fiscal emergency with new 4.5 mill levy



By Kristi Garabrandt, *The News-Herald*

POSTED: 10/05/16, 12:26 PM EDT | UPDATED: ON 10/05/2016

The Cardinal School District is projected to go into a fiscal watch in 2018 and possibly fiscal emergency.

But the district is hoping to avoid the fiscal watch with the passing of a new 4.5-mill levy on Nov. 8 to cover current operating expenses, according to Cardinal Superintendent Scott Hunt.

"If we don't get through the levy in November and the (9.7-mill) renewal in 2017, we will probably end up in fiscal watch if not fiscal emergency," said Hunt. "Which means we will have some oversight from the state and we are trying to avoid that."

Cardinal Schools failed to pass the 4.5-mill levy by 309 votes during the special election in August.

Advertisement

Hunt attributes that to a low voter turnout.

"We are expecting a very high percentage of voters

Escalating Levels of Concern

The statute identifies three “escalating levels of fiscal and budgetary concern” that must be defined in the statewide program:

- Fiscal Watch, the lowest level of concern;
- Fiscal Caution, an intermediate level of concern; and
- Fiscal Emergency, the most severe level of concern.



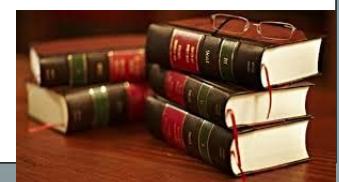
Escalating Levels of Concern

- Each level has some similarities.
- Each has conditions under which the State Superintendent “shall” or “may” declare a level of concern.
- Each requires the district to develop and submit a fiscal recovery plan to the SCDE.
- Fiscal Watch allows the local board to appeal a declaration of the level of concern to the SBE.



Issue that shall/could cause a declaration...

- There is any type of ongoing, related investigation by any state or federal law enforcement agency or any other investigatory agency of the State.
- The task force discussed the types of investigations that could be covered by the statute.
 - fraud
 - unethical fiscal practices
 - misappropriation of funds
 - embezzlement or other financial irregularities
- Forgery, falsification, or alteration of documents and/or information (e.g., checks, bank drafts, deposit tickets, promissory notes, travel expense reports, contractor agreements, purchase orders, electronic files, etc.) with the intent to obtain an unauthorized financial benefit;
- Deviations from standard procedures in the handling or reporting of money, cash equivalents or financial transactions, including procurement card with the intent to obtain an unauthorized financial benefit;
- A district submits an annual audit more than sixty days after the December first deadline as provided in Section 59-17-100;



Fiscal Recovery Plan & TA

- Fiscal Recovery Plan required at all levels
- SCDE provides TA after Fiscal Watch
- SCDE provides TA in implementing proposals and making recommendations after Fiscal Caution & Emergency
- SCDE required to visit and inspect districts under Fiscal Caution & Fiscal Emergency







Regulations and Important Items

Audrey Shifflett
Grants Program
Division for Legal Services

Show of hands...



Agenda

- I. Hierarchy of Requirements
- II. Assurances and Terms & Conditions
- III. Overview of 34 CFR Part 76
- IV. Overview of EDGAR
- V. A Look at Waste, Fraud, and Abuse
- VI. Ways to Mitigate Risks
- VII. Resources

Disclaimer

This presentation is designed to help you understand federal regulations including parts of 2 CFR Part 200, the Uniform Grant Guidance, and 34 CFR Part 76 (i.e., EDGAR Part 76).

This presentation is *not a substitute* for reading the regulations.



Hierarchy of Requirements: Federal

- Federal Grant and Cooperative Agreement Act
- Administrative Statutes (Single Audit Act of 1984)
- Authorizing Legislation (programmatic statute)
- Appropriations Language/Law
- Federal Regulations (same as law)
 - **agency-specific:** 34 CFR Part 200, EDGAR
 - **cross-cutting:** 2 CFR Parts 25, 180, and 200

Hierarchy of Requirements: Federal (cont.)

- Non-Regulatory Guidance
- Letters and Press Releases
- Guidance from SCDE (program office (Title I), Finance, Auditing Services)
 - Assurances and Terms and Conditions for Federal Subawards
 - Financial Management Expectations
 - Guidelines for Retaining Documentation to Support Expenditures (September 12, 2017)
 - Reimbursement of Airfare and Registration Fees with Federal Funds (June 12, 2017)

Also, State Laws



- General Appropriations Act (annual)
 - Proviso 117.20 GP: Travel – Subsistence Expenses & Mileage
- Ethics, Government Accountability, and Campaign Reform Act (S.C. Code Ann. § 2-17-10 *et seq.* and § 8-13-100 *et seq.* (Supp. 2016))
- South Carolina Drug Free Workplace Act (S.C. Code Ann. § 44-107-10 *et seq.* (Supp. 2016))
- Charter Schools Act (S.C. Code Ann. § 59-40-10 *et seq.* (Supp. 2011 and as amended by H.3241))

Subgrant Agreement



STATE OF SOUTH CAROLINA
DEPARTMENT OF EDUCATION

MOLLY M. SPEARMAN
STATE SUPERINTENDENT OF EDUCATION

SUBGRANT AWARD NOTIFICATION

- Legally binding contract
- Use funds as outlined in agreement
- Act with integrity when reporting actual use of funds
- Properly track use of funds
- Maintain adequate supporting documentation
 - All expenditures (POs, proof of purchase, etc.)
 - Inventory control

SCDE's Assurances and Terms and Conditions for Federal Subawards

- Legally binding
- “Promises” LEA makes
- Updated annually

Assurances and Terms and Conditions for Federal Subawards

Assurances

As the duly authorized representative of _____, I certify that this applicant _____ (Please print or type name of applicant.)

A. Has the legal authority to apply for federal assistance and the institutional, managerial, and financial capability (including funds sufficient to pay the nonstate share of project costs) to ensure proper planning, management, and completion of the project described in this application.

Assurance A

LEA has

- Authority to apply
- Institutional, managerial, and financial capability
- Can ensure
 - Proper planning
 - Management
 - Completion

A. Has the legal authority to apply for federal assistance and the institutional, managerial, and financial capability (including funds sufficient to pay the nonstate share of project costs) to ensure proper planning, management, and completion of the project described in this application.

Assurance C

LEA has

- Accounting system with
 - Sufficient internal controls
 - Clear audit trail
 - Written cost-allocation procedures
- Financial management system that
 - Distinguishes expenditures
 - Identifies costs by programmatic year/budget line item
 - Differentiates direct, indirect, administrative costs

Assurance C, cont.

LEA will

- Maintain adequate supporting documents
 - expenditures
 - In-kind contributions
- Show and support a costs
 - in books or records (disbursement ledger, journal, payroll register)
 - by source documents (receipt, travel voucher, invoice, bill, in-kind voucher).

Assurance P

LEA will comply

- Executive Order 13513 “Federal Leadership on Reducing Text Messaging While Driving”
- refrain from text messaging while driving during official (sub)grant business.

Terms and Conditions

F—Submit expenditure claims *at least* quarterly (best practice: *monthly*)

I—Provide for accurate and timely recording of receipts and expenditures

J—Not exceed state limits on lodging, per diem, and mileage

L—Submit all reports (programmatic, financial, evaluation) by deadline and in prescribed format.

Terms and Conditions, cont.

- O**—Single audit required for entities expending \$750,000 or more in federal funds
- P**—Retain all records for minimum of six (6) years after all final reports submitted.

SCDE's Assurances and Terms and Conditions for Federal Subawards

Read it!

- Program manager
- *ALL* signatories
- Finance staff

“Can I use funds for...?”

“Let’s use Title I funds for...”

Title I and Title II

Authorizing Legislation: Title I, parts A and F, and Title VIII, as applicable, of the **Elementary and Secondary Education Act** as reauthorized by the **Every Student Succeeds Act (ESSA)**

Appropriations Language/Law: Continuing Resolution (P.L. 115-56) extended Consolidated Appropriations Act 2017 (P.L. 115-31)

Title I and Title II

Implementing Regulation: 34 CFR Part 200

Title I Improving the Academic Achievement
of the Disadvantaged

Subpart A – Improving Basic Programs
Operated by LEAs

34 CFR Part 76

State-Administered

9 Subparts

Subpart A – General

Subpart B – How a State Applies for a Grant

Subpart C – How a Grant is Made to a State

Subpart D – How to Apply to the State for a
Subgrant

Subpart E – How a Subgrant is Made to an
Applicant

34 CFR Part 76 State-Administered, cont.

Subpart F – What Conditions Must Be Met by the State and Its Subgrantees?

Subpart G – What Are the Administrative Responsibilities of the State and Its Subgrantees?

Subpart H – How Does a State or LEA Allocate Funds to Charter Schools?

Subpart I – What Procedures Does the Secretary Use to Get Compliance?

In Subpart G—General Administrative Responsibilities

34 CFR Part 76.707 – When Obligations Are Made

If the obligation is for—	The obligation is made—
(b) Personal services by employee of state/subgrantee	When the services are performed.
(c) Personal services by contractor who is not employee of state/subgrantee	On date on which state/subgrantee makes binding written commitment to obtain services.
(f) Travel	When the travel is taken.*

***SCDE Guidance: Reimbursement of Airfare and Registration Fees with Federal Funds (June 12, 2017)**

EDGAR

- 34 CFR Part 76 State-Administered Programs (except for 76.650–76.662)
- 34 CFR Part 77 Definitions
- 34 CFR Part 81 General Education Provisions Act—Enforcement
- 34 CFR Part 82 Restrictions on Lobbying
- 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (a.k.a. **UGG**)

“As Adopted at”

Cross-cutting regulation made “agency-specific”

For example, USED regulations:

- 2 CFR Part 180 Debarment and Suspension as adopted at 2 CFR Part 3485
- 2 CFR Part 200 (UGG) as adopted at 2 CFR Part 3474

2 CFR Part 200 (UGG)

- Effective for federal grant awards and subawards as of 12/24/14
- Incorporates administrative regulations, cost principles, and audit regulations into **one set** of regulations
- Goals - streamline federal regulations and strengthen oversight to **reduce risk** of waste, fraud, and abuse.

2 CFR Part 200 (UGG) Overview

5 Subparts and 12 Appendices

- **Subpart A – Acronyms and Definitions**
- Subpart B – General Provisions
- Subpart C – Pre-Award Requirements and
Contents of Federal Awards
- **Subpart D – Post-Award Requirements**
- **Subpart E – Cost Principles**
- Subpart F – Audit Requirements

2 CFR Part 200 - Appendices

- I. Full text notice of funding opportunity
- II. **Contract provisions for nonfederal entity contracts**
- III. Indirect cost information for IHEs
- IV. Indirect cost information for nonprofits
- V. State/local/tribal government cost allocation plans
- VI. Public assistance cost allocation plans

2 CFR Part 200 – Appendices, cont.

- VII. State/local/tribal government indirect cost proposals
- VIII. Nonprofits exempted from Subpart E-Cost Principles
- IX. Hospital cost principles
- X. Data collection form (Form SF-SAC)
- XI. Compliance supplement**
- XII. Award term and condition for recipient integrity and performance matters

Understand...

- If federal program statute/regulation conflicts with UGG, statute/regulation governs
- UGG changed >60 items related to grants management
 - Know what applies to your district.
 - Know where to find answers.

Grant Manager's Activities

- **Programmatic:** to achieve goals and objectives
- **Financial:** to achieve prudent and fiscal management of subgrant funds
- **Record keeping:** to ensure accurate documentation
- **Compliance:** to fulfill all subgrant program requirements, including accurate reporting and closeout.

Key Definitions in 2 CFR Part 200

- § 200.20 – Computing Devices
- § 200.21 – Compliance Supplement
- § 200.22 – Contract
- § 200.28 – Cost Objective
- § 200.33 – Equipment
- § 200.61 – Internal Controls
- § 200.62 – Internal Controls over Compliance Requirements for Federal Awards

Additional definitions

- § 200.69 – Non-Federal Entity
- § 200.79 – Personally Identifiable Information (PII)
- § 200.92 – Subaward
- § 200.93 – Subrecipient

Post-Award—Financial

2 CFR Part 200.302 – Financial Management

Written policies/procedures for

- Cash Management § 200.302(b)(6) and § 200.305
- Allowability of Cost Procedures § 200.302 (b)(7), Cost Principles in Subpart E, and 34 CFR Part 76.707 When Obligations are Made

Post-Award—Procurement Standards

- **2 CFR Part 200.318 – General Procurement**
 - Must oversee contactors (b)
 - Written standards of conduct covering Conflicts of Interest (c)
 - **Must maintain records** of history of the procurement(i)
- **2 CFR Part 200.319 – Competition**
 - Written procedures for procurement transactions (c)

Cost Principles

2 CFR Part 200.474 – Travel Costs

References compliance with the nonfederal entity's **written travel policy** § 200.474(b)

Note: SC limits subgrant funds for travel

See [Terms and Conditions for Federal Subawards](#), item J

Reminder—procedures define...

- Who performs the procedure?
- What steps are performed?
- When are the steps performed?
- How are the steps performed?

Internal Controls webinar

<http://ed.sc.gov/finance/grants/scde-grants-program/subgrant-summer-training/>

“...strengthen oversight to reduce the risk of waste, fraud, and abuse”



Why?

“Each year individuals steal federal education dollars or misuse them for their own personal use.”

Submit your complaint via the web at:
www2.ed.gov/about/offices/list/oig/index.html

Looks like Fraud

Charter school CEO in prior non-profit with charter school CEO (another state)

- Shell company – contract to consult with other state's charter school (\$289,963)
- Contract with prior non-profit to tutor & consult for SC charter school (\$548,840)
- Falsified Title I claims
 - 373 student claimed, 53 found ineligible
- Hired relatives with no experience

Could be Abuse

- Unilaterally redirecting use of funds in a manner different than outlined in subgrant award/approved plan
- Failing to adequately account for, track, or support transactions.

See 2 CFR Part 200.303 Internal Controls

Can be Fraud

- Individual assigned to purchase equipment using subgrant funds
- Possible fraud indicators:
 - Circumvented established procurement process
 - Vendor complaints
- Set up bogus companies to which he directed contracts for more than \$100,000
- 240 month prison sentence.

Mitigate Risks

- Maintain a well designed and tested system of internal controls
- Examine operations to determine vulnerabilities
- Implement specific fraud prevention strategies
 - Educate staff about risks
 - Increase awareness to increase prevention and detection
- Ensure an appropriate separation of duties
- Identify any potential conflicts of interest issues disclose to funder for specific guidance and advice

Mitigate Risks, cont.

- Ensure all financial reports and other certifications are adequately supported with documentation and evidence
- Follow a fair and transparent procurement process.
 - Ensure rate of pay is reasonable and justified.
 - Ensure work product is well-defined and documented.
 - Oversee all contracts

Questions



Resources

- Electronic Code of Federal Regulations www.ecfr.gov
- USED's Technical Assistance on UGG
<http://www2.ed.gov/policy/fund/guid/uniform-guidance/index.html>
- USED's EDGAR web site
<http://www2.ed.gov/policy/fund/reg/edgarReg/edgar.html>
- U.S. Government Accountability Office (GAO)'s “Greenbook” (internal control) www.gao.gov/greenbook
- USED's Fraud Prevention web site
<https://ed.gov/about/offices/list/oig/hotline.html>
- USED's Grants Training and Management Resources
<https://ed.gov/fund/grant/about/training-management.html?src=grants-page>

Additional Information

SCDE Summer Training for Federal Subgrant Recipients (recorded webinars)

<http://ed.sc.gov/finance/grants/scde-grants-program/subgrant-summer-training/>

New Adobe Connect webinar series

Time and Effort Reporting and Recordkeeping

November 20, 3:30 pm

Registration information to come soon!

Contact Us

The Grants Program

grants@ed.sc.gov

803-734-5810

Risk Assessment/ Audit Findings

Melissa Myers

Director of Auditing Services

Federal Awarding Agency

Review of Risk Posed by Applicants

2 CFR Part 200.205

- a. Prior to making a federal award, the federal awarding agency is required to review information available through any OMB-designated repositories of government-wide eligibility qualification or financial integrity information as appropriate.

Federal Awarding Agency Review of Risk Posed by Applicants

2 CFR Part 200.205, cont.

- b. the federal awarding agency must have in place a framework for evaluating the risks posed by applicants before they receive federal awards.

Federal Awarding Agency

Review of Risk Posed by Applicants

2 CFR Part 200.205, cont.

In evaluating risks posed by applicants, the federal awarding agency may use a risk-based approach and **may consider any items** such as the following:

- 1) Financial stability;
- 2) Quality of management systems and ability to meet the management standards prescribed in 2 CFR Part 200;

Federal Awarding Agency

Review of Risk Posed by Applicants

2 CFR Part 200.205, cont.

- 3) History of performance. The applicant's record in managing federal award, including **timeliness of compliance** with applicable reporting requirements, conformance to the terms and conditions of previous federal awards, and if applicable, the extent to which any **previously awarded amounts will be expended prior** to future awards;

Federal Awarding Agency

Review of Risk Posed by Applicants

2 CFR Part 200.205, cont.

- 4) Reports and **findings from audits** performed under Subpart F—Audit Requirements of this part or the reports and findings of any other available audits; and
- 5) The **applicant's ability to effectively implement** statutory, regulatory, or other requirements imposed on non-federal entities.

Risk Assessment

2 CFR Part 200.331

Evaluate each subrecipient's risk of noncompliance with federal statutes, regulations, and the terms and conditions of the subaward which may include consideration of such factors as:

- 1) The subrecipient's prior experience with the same or similar subawards;
- 2) The results of previous audits including whether or not the subrecipient receives a Single Audit in accordance with Subpart F—Audit Requirements of this part,

Risk Assessment

2 CFR Part 200.331, cont.

- 3) Whether the subrecipient has new personnel or new or substantially changed systems; and
- 4) The extent and results of federal awarding agency monitoring (e.g., if the subrecipient also receives federal awards directly from a federal awarding agency).

SCDE's Risk Assessment

- Formed working group to address UGG requirements
- Developed specific risk assessment **criteria, tiers, and weightings**
- Solicited **input from all** federal program grant managers and Office of Finance
- Formulated **total risk score** for all LEA and non-LEA subgrantees of federal funds and determined which are **high, medium, and low risk**.

Risk Criteria

Criteria 1 – **Key Personnel Turnover**

Experience of key personnel

Criteria 2 – **Required Reporting**

Required program reporting submitted and timeliness of submission

Risk Criteria, cont.

Criteria 3 – Programmatic Compliance

- Instances of programmatic noncompliance
- Minimal or significant deficiencies noted

Criteria 4 – Fiscal Compliance

Level of fiscal deficiencies noted during monitoring visits

Criteria 5 – Performance

Were performance requirements, expectations, and outcomes met?

Risk Criteria, cont.

Criteria 6 – Technical Assistance

Frequency and need for technical support and assistance

Criteria 7 – Financial Stability

The percentage of general fund unassigned balance to general fund total expenditures

Criteria 8 – Management Systems

Internal control findings or federal award noncompliance findings noted in annual audit report

Risk Criteria, cont.

Criteria 9 – [Audit Report Submission](#)

Submission of annual audit in the LEA Audit Reporting System (LARS) by December 1st

Criteria 10 – [Other Material Factors](#)

- LEAs – accreditation, cheating/test security violations, etc.
- Non-LEAs – litigation, bankruptcy, etc.

Now What?

How can you **reduce** your risk score?



Subrecipient Responsibilities

- Submit **all required reports**, both financial and programmatic, **on time**.
- Ensure **all new personnel** are high quality and are **properly trained**.
- **Understand** all programmatic regulations, requirements, performance measures, and expected outcomes; and **comply**.

Subrecipient Responsibilities, cont.

- Ensure **all costs** charged to federal programs are **allowable**.
- Submit at least **quarterly** expenditure reports **in GAPS**.
- Document **all policies and procedures** related to financial management.
- Ensure **proper segregation** of duties.

Subrecipient Responsibilities, cont.

- Maintain **sufficient** operating funds
- Correct **all** accreditation deficiencies
- Ensure test security **procedures** are **followed**

Notification and Next Steps

- The State Superintendent will notify all subgrantees identified at risk of noncompliance (i.e., high risk).
- As allowed under CFR Part 200.207(b), specific conditions will be imposed on affected subgrants; can include
 - withholding authority to proceed to the next phase until receipt of evidence of acceptable performance
 - requiring additional, more detailed financial reports
 - requiring additional project monitoring
 - requiring subgrantee obtain technical or management assistance
 - establishing additional prior approvals.

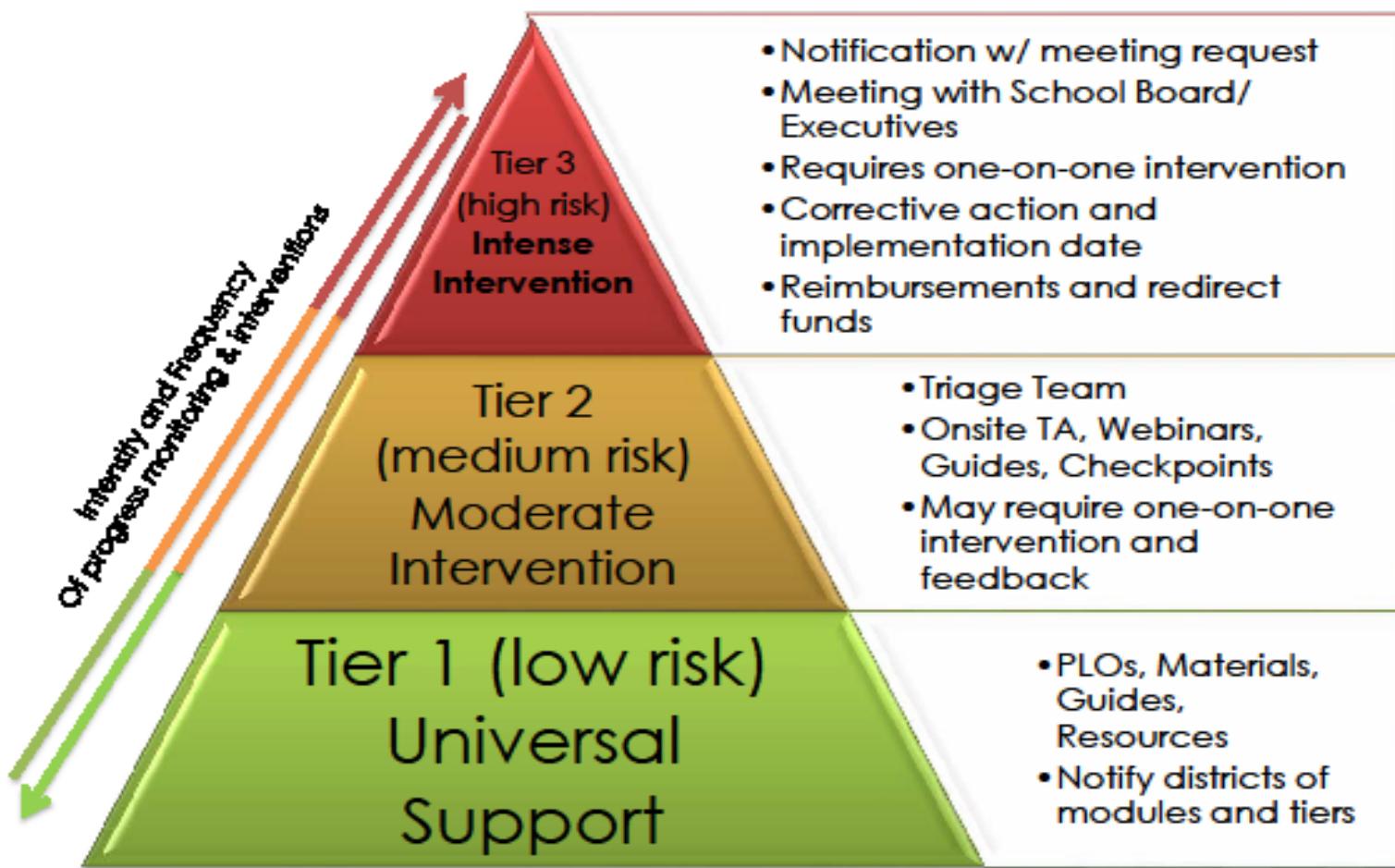
Notification and Next Steps, cont.

Subgrantees identified as **medium** and **low risk** should

- review **2 CFR Part 200**
- take **immediate action** to come into compliance.

Risk will be assessed on an **annual** basis.

Response to Intervention (RTI)



Tiers based on risk assessment scale.

Remedies for Noncompliance

If imposing specific conditions do not remedy subgrantee's risk of noncompliance, the SCDE can take **further actions** allowable under 2 CFR Part 200.338:

- a) Temporarily **withhold cash payments** pending correction of the deficiency...or **more severe** enforcement action
- b) Disallow (i.e, deny both use of funds and any applicable matching credit for) **all or part** of the **cost of the activity or action** not in compliance
- c) Wholly or partly **suspend or terminate** the subaward

Remedies for Noncompliance, cont.

- d) Recommend the federal awarding agency (US Department of Education or US Department of Agriculture) **initiate suspension or debarment proceedings** as authorized under 2 CFR part 180 and federal agency regulations
- d) Withhold **further federal awards** for project or program
- d) Take **other remedies** that may be legally available.

LEA Requirement for Charter Schools

A school district that is a charter school's sponsor (i.e., authorizer) is responsible for oversight.

Oversight includes assessing the charter school's risk of noncompliance with established statutes, regulations, and the terms and conditions of all federal grant awards (i.e., subgrants to the charter school).

Common Audit Findings

Lack of Written Procedures

1. Cash Management Procedure- § 200.302(b)(6) & § 200.305
2. Allowability Procedures - § 200.302(b)(7)
3. Conflicts of Interest Policy - § 200.318(c)
4. Procurement Procedures - § 200.319(c)
5. Travel Policy— § 200.474(b)

Lack of Time and Effort Reporting

- Personnel Activity Reports
- Semi-Annual Certifications

Lack of Segregation of Duties

- Separate authorization, recording, and custody functions.

Additional Audit Findings

- Failure to Prepare Financial Statements and note disclosures
- Inadequate or no supporting documentation for expenditures
- Reconciliations of accounts not performed or not performed timely
- Failure to determine whether vendors are suspended or debarred from receiving federal funds

Questions?



Supplement, Not Supplant

Roy Stehle

Director, Federal and State Accountability

Supplement, Not Supplant

According to federal guidance:

LEAs may use Title I funds only to supplement or to increase the level of funds that would, in the absence of Title I funds, be made available from non-federal sources for the education of students participating in Title I programs.

Supplement, Not Supplant

~In plain language - Please~

- Another way to look at supplement, not supplant is to ask the question - what would districts and schools be required to offer in the absence of any federal funding? For example – the state required Defined Minimum Program for elementary schools.
- Title I funds (and most federal funds) should be used in addition to state and/or local funding and not in the place of state or local funding.
- Title I funds should not be used to meet other federal requirements (Title III, IDEA, etc.)

How to Determine if Activities are Supplemental

Testing for Presumptions of Supplanting:

- Is it required by the state, district, or federal statute or regulation?
- Are the same services provided for in non-Title I schools or students with (non-supplemental) state/local funds?
- Were these activities paid for in prior years with state/local funds?

Other Questions to Consider

- Are the Title I schools receiving similar services provided for by state/local funding as non-Title schools?
- Are Title I schools receiving their “fair share”?
- Are the Title I schools being treated comparably (similar positions, technology, etc.)?

Supplanting Defense/Rebuttals

- Similar activity is funded in a non-Title school with supplemental funding, such as the following:
 - State At-Risk Funding
 - Discretionary Grant
 - Possibly, other funds that all schools are not eligible
 - This is generally known as the “exclusion” rule to supplement, not supplant.
 - An example might be an afterschool program funded with Title I funds at Title I schools and funded with state At Risk funding at non Title I schools.

Supplanting Defense/Rebuttals

- Activities funded in prior year with state/local funds
 - However, the state/local funds used to pay for activities were reduced/eliminated, and during budget prioritization the activities are to be eliminated.
 - Document in Board agendas, minutes, etc.
 - Document via directives from the state (funding levels, allocations, etc.)
 - Budget reports/meetings

Supplanting Defense/Rebuttals

- Activities required by local, state, or federal statute
- This presumption of supplanting is almost always not rebuttable. The presumption is in the absence of federal funding, the district/school would be required to do the activity anyway.
- Basic ESOL programs would be a good example of a program that districts would have to provide in the absence of any federal funding.

Supplemental Title I Activities

Common supplemental uses of Title I funds:

- Decreasing class size (below state requirements)
- Providing extra supplies/materials
- Providing additional professional development
- Extending learning time (before/after school or summer school)
- Funding extra support services - nurses, guidance counselors, etc.

Always call your Title I Program Contact to get an opinion on supplement, not supplant issues.

Supplement, Not Supplant

- Under ESSA, supplement, not supplant will change.
- “Specifically, it requires that a district “demonstrate that the methodology used to allocate State and local funds to each [Title I school] ensures that such school receives all of the State and local funds it would otherwise receive if it were not receiving assistance under [Title I].” A district must meet this requirement not later than two years after the date of enactment of the ESSA — *i.e.*, by December 10, 2017.”
(from draft position paper)

Supplement, Not Supplant

- The SCDE will work with districts to develop a methodology which might include a staffing formula and weighted per pupil funding.
- The timeline for the new Title I SNS will be training during 2017-18 with implementation 2018-19. Monitoring on the new SNS will begin in 2018-19. More information will be forthcoming during the 2017-18 school year to be used as budgets are developed.

Questions



Inventory

Greg King
Education Associate

What is Inventory?

Come on! Give it your best guess!



Equipment vs. Supplies vs. Computing Devices

- Equipment – 2 Categories (§ 200.313 & 33)
 - Under \$5,000 cost
 - Over \$5,000 cost
- Supplies - (§ 200.314 & 200.94)
 - \$5,000 Aggregate Value
- Computing Devices - (§ 200.20)
 - “Computing devices means machines used to acquire, store, analyze, process, and publish data and other information electronically, including accessories (or “peripherals”) for printing, transmitting and receiving, or storing electronic information”.
 - Graphing Calculators?

Equipment vs. Supplies vs. Computing Devices (Simple Definition)

- Equipment
 - Any durable item (a projected lifetime of more than one year) that costs \$100.00 or more
 - Examples include a projector or desk top printer
 - Note...Graphing calculators should be counted as inventory
- Supplies
 - Any item that will be consumed/expensed within a year and cost less than \$100.00 individually
 - Examples include projector bulbs and ink for printers
- Question
 - \$49.00 Kindle readers – count or don't count?

Exception - A gift from the Feds!

- Kits (LLI, math, etc.)
 - Some kits contain dozens or hundreds of books and various materials
 - You do not have to count everything in a kit at each inventory
 - Assign a Title I inventory number to the kit (1 number) and that is it.
 - Count the kit for as long as you use it (if you project a five year life, count the kit for five years then properly dispose of it.

Inventory Requirements

- § 200.313 (d)(1-5)

(1) “Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the FAIN), who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.”

Inventory Requirements (continued)

(2) “A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.”

(Once a year for SCDE)

(3) “A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft must be investigated.” Police reports required for missing items.

(4) “Adequate maintenance procedures must be developed to keep the property in good condition.”

(5) “If the non-Federal entity is authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return.”

Required Form

Title I Equipment Inventory Control Procedure (for equipment purchased with Title I fund code only)

Physical Inventory Listing

Inventory For:

Organization (such as Office or School Location)

Person Conducting the Reconciliation:

Include an Inventory Control Number or the Fixed Asset Number - both are not required.

Attach to the Reconciliation: copies of applicable transfer and check-out forms.

Electronic Inventory System

- Destiny
- All information still required
- Format may be different – that is okay
- GIGO
- The system must be regularly maintained
- Do not allow too many hands in the system
- Take your time to ensure accuracy

Equipment Disposal Form

Important Note

SCDIS-501 Information Media Disposal Procedure

The data on computing devices storage media must be professionally wiped/sanitized according to the specifications in SCDIS-501.

Surplus Companies

Large amounts of the same items may be combined on one form.

DECLARATION OF INTENT TO DISPOSE OF EQUIPMENT

Department of Education

Decal Number: _____

Location: _____

Description of Equipment: _____

Approximate Age: _____ Acquisition Cost: _____

Estimate of Fair Market Value or Trade-in Value: _____

Condition of Equipment: _____

TRADE-IN

SURPLUS

Approved by: _____ Office Director's Signature _____ Date _____

Vendor's Signature _____ Date _____

*Material Management Officer's Signature _____ Date _____

(Surplus Only – Check One)

"Like equipment" will not be purchased in current fiscal year. Remit sales proceeds to General Fund.

"Like equipment" will be purchased in current fiscal year. Remit proceeds to Department of Education.

*Signature required only if the Estimate of Fair Market Value or Trade-in is greater than or equal to \$500.

Inventory Transfer

- This can go several different directions
- The best thing to do is call us and we will review situations on an individual basis

**Title I/III Equipment Inventory Control Procedure
Equipment Transfer Form**

Description of Equipment: _____

Model: _____

Title I/III Inventory Control Number or Fixed Asset Number: _____

Location Prior to Transfer: _____

Location After Transfer: _____

Surrendering Location	Director / Principal Signature	Date
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Receiving Location	Director / Principal Signature	Date
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Inventory Checkout

- Students –
 - Anything that is portable that leaves the classroom should be “checked out”
- Staff/Administration
 - Anything that is portable that leaves the main holding area for portable devices should be checked out. This includes superintendents, principals, teachers, etc.

**Title I/III Equipment Inventory Control Procedure
Equipment Check-Out Form**

Description of Equipment: _____

Model: _____

Title I/III Inventory Control Number or Fixed Asset Number: _____

Location: _____

The above equipment is being issued to you for official use only. By signing below you acknowledge responsibility for this equipment and its use while in your possession.

Name _____

Signature _____

Position _____

Check-Out Date _____

Return Date _____

Common Questions

- How long do I keep Title I Inventory?
- If an item is broken, do I continue to carry it on the inventory?
- If I am unable to receive the help and/or support I need, what do I do? Who do I call?
- If I have questions, who do I call?

Summary

- The Title I coordinator is responsible for the inventory procured with Title I dollars, even if they do not have positive control over it
- It is impossible to maintain a clean and accurate inventory without support from district and school leadership
- You must be a control freak and assertive
- The people you lead must support you and know that you will follow through

Questions



Equitable Services to Private Schools under Title I, Part A

David A. Boison

Private Schools Ombudsman

Eligibility

- Student who would have attended an LEA Title I school
- Student who lives in poverty
- Private school wishes to participate

Changes under ESSA

- SCDE Ombudsman
- Obligation of funds
- Notification of allocation
- State Services
- Consultation
- Allocating Funds

Changes under ESSA

Other than these changes, the existing guidance remains applicable.

Allocating Funds for Equitable Services

Big Change: LEA must determine funding for equitable services prior to any expenditures or transfer of funds.

Proportionate Funding

Number of Private School Low Income
Children



LEA Title I Allocation =

Total number of Low Income Children
in Attendance area

Share for Private School

Proportionate Funding

150 private school low income children

= 10%

1500 (1350 public + 150 private) low income children in attendance area

Proportionate Funding

- $10\% \times \$1,000,000$ (LEA allocation) = \$100,000 for Equitable Services

(LEA controls the funds)

Equitable Services Parent and Family Engagement

- ESEA requires 1% for the activity
- $1\% \times \$100,000 = \$1,000$

(for parent and family engagement activity at the private school)

Equitable Services Instruction and Professional Development

\$ 100,000

- 1,000 *(for parent and family engagement)*

\$ 99,000 for instruction and PD

Guidance

- Fiscal Changes and Equitable Services ... as Amended by ESSA
- Title I Services to Eligible Private School Children

Questions ?

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