



Grants Management

Florida School Finance Officers Association

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www.FLDOE.org

Slide 1



Part I: State Requirements

Overview of Part I

- This part of the two-part session focuses on state requirements for grants management.
- State requirements are specified in:
 - Statute, most specifically s.215.971, F.S. (Agreements funded with federal or state assistance) and s. 215.97, F.S. (Florida Single Audit Act)
 - The Green Book which we will discuss in a few minutes
 - Requests for applications (RFAs and RFPs)

Green Book

- Project Application and Amendment Procedures for Federal and State Programs Administered by the Florida Department of Education (referred to as the “Green Book”)
- Addresses the processes and procedures that the Florida Department of Education (FDOE or department) has put in place to administer both state and federal grant programs
- Incorporated by reference into the terms and conditions of every award issued by the department.

Relationship of Green Book to Federal Requirements

- Includes both federal and state requirements.
- To the extent appropriate, federal requirements have been incorporated into the Green Book.
- There are federal requirements (both program specific and generic) that have impact that are not reflected in the Green Book so it is important that practitioners are familiar with the Uniform Grant Guidance (UGG) requirements as well as program specific requirements as relevant to their responsibilities.

Grant vs. Project/Subgrant

- Be cautious of references to the term “Grant.”
- When used in the federal context (e.g., UGG), the term “Grant” refers to the award of funds from the federal government to DOE (or direct funding from the federal government to any eligible entity).
- In order to distinguish between the award of funds to DOE, we use the term “Project” or “Subgrant” to refer to DOE award of federal funds to other entities.
- With respect to state funded projects, they are sometimes referred to as grants.

Overview of the Proposal, Application, and Approval Process

- Department receives notification of federal or state funding availability (federal – based on federal budget; state – General Appropriations Act)
- Department develops a Request for Applications (RFA, used for non-competitive programs) or a Request for Proposals (RFP, used for competitive programs) and disseminates to eligible applicants (generally in mid-late spring)
- Eligible applicants develop applications consistent with directions in RFA or RFP

Overview of the Proposal, Application, and Approval Process (continued)

- Applicants submit applications or proposals to FDOE
- FDOE reviews submissions and ensures compliance with requirements (non-competitive) or selects projects to be funded (competitive)
- Projects approved to be funded receive Project Award Notifications (DOE 200s)

Certification Language (DOE 100)

I, _____, *(Please Type Name)* as **the official who is authorized to legally bind the agency/organization**, do hereby certify to the best of my knowledge and belief that all the information and attachments submitted in this application are true, complete and accurate, for the purposes, and objectives, set forth in the RFA or RFP and are consistent with the statement of general assurances and specific programmatic assurances for this project. **I am aware that any false, fictitious or fraudulent information or the omission of any material fact may subject me to criminal, or administrative penalties for the false statement, false claims or otherwise.** Furthermore, all applicable statutes, regulations, and procedures; administrative and programmatic requirements; and procedures for fiscal control and maintenance of records will be implemented to ensure proper accountability for the expenditure of funds on this project. All records necessary to substantiate these requirements will be available for review by appropriate state and federal staff. I further certify that all expenditures will be obligated on or after the effective date and prior to the termination date of the project. Disbursements will be reported only as appropriate to this project, and will not be used for matching funds on this or any special project, where prohibited.

Further, I understand that it is the responsibility of the agency head to obtain from its governing body the authorization for the submission of this application.

DOE 100 A – Project Application

- Data Universal Numbering System (DUNS) # & Employer Identification Number (EIN) # are required
 - Applicants must include their DUNS # (Unique Entity Identifier) used for the System for Award Management (SAM) registration. The name used on the actual Award must match the name attached to these documents.
 - EIN, according to IRS can be Taxpayer Identification Number (TIN); Social Security Number (SNN) and Individual Taxpayer Identification Number (ITIN)
- Certification Statement required.
- Must be signed by the superintendent (or official designee)

Project Effective Dates

- **Federal**

- Date of receipt of application in substantially approvable form (requirements must be determined and specified in RFP or RFA)
- No earlier than effective date of federal grant award

- **State**

- May be retroactive to July 1 of the fiscal year. Most FDOE state projects are made retroactive.

Fiscal and Program Accountability

Types of Disbursement

- Federal Cash Advance (public agencies only – through FLAGS)
- Advance payment (state grants – nonpublic agencies)
- Quarterly advance to public entity (state grants)
- Reimbursement of expenditures
- Reimbursement with performance

Although any of these methods may be utilized, the two in red are those used most frequently for school districts

Fiscal and Program Accountability

- Supporting documentation for expenditures is required for all funding methods
- Examples of such documentation include:
invoices with check numbers verifying payment
and/or bank statements; all or any of which must be
available upon request

General Assurances, Terms, and Conditions

- Required for all projects – state or federal
- “I certify that the agency will adhere to each of the assurances contained in this set of General Assurances for Participation in Federal and State Programs as applicable to the project(s) for which this agency is responsible.”
- Once on file, remains in effect indefinitely unless a change occurs in federal or state law, or there are other changes in circumstances affecting a term, assurance, or condition.

Review of Risk Posed by Applicants

FDOE is required to have a framework for evaluating risks before any applicant receives funding. The framework must evaluate:

- Financial stability
- Quality of management system
- History of performance
- Audit reports
- Applicant's ability to effectively implement program

Risk Analysis Tool – DOE Form 610

For school districts, the form:

- Is submitted one time and remains on file
- Is to be amended whenever there is a substantive change (e.g., change in superintendent, major change in organizational structure, etc.)
- In future, FDOE will be asking districts to confirm annually that there have been no substantive changes or submit an amendment.

Risk Analysis Tool – DOE Form 610

**Used for School Districts, State Colleges, State Universities,
and Florida State Agencies**

Organizational Policies and Procedures

- Approved by the board
- Annual budgets approved by the board prior to start of fiscal year?
- Is prior board approval required for large purchases and applications for projects, grants, contracts, and subawards/subcontracts?
- Does the board establish salary ranges and approve salary increases for chief executive officer?

Risk Analysis Tool – DOE Form 610

- Has the agency received any state or federal funds in the past five years?
- Has the agency ever had a government contract/project/agreement terminated? (explain)
- Has the agency or any principals thereof ever been suspended or debarred? (explain)
- Has the agency or principals been suspended or debarred from receiving state or federal grants or contracts? (explain)
- Has the agency or any principals ever been the subject of a lawsuit or investigation alleging fraud, illegal activities or misappropriation of assets? (explain)

Risk Analysis Tool – DOE Form 610

- Does the agency employ a finance director/officer with at least three years experience in accounting?
- Has the agency experienced turnover in the following positions within the past year
 - CEO?
 - Finance Director/Manager/Comptroller?

Risk Analysis Tool – DOE Form 610

Written Policies and Procedures

- Bank reconciliation
- Cash management
- Compensation and fringe benefits
- Confidentiality of records
- Conflicts of interest and disclosures
- Contract administration
- Determining allowability of cost
- Financial management
- Indirect cost rate development
- Payroll and time records
- Personnel policies and procedures
- Procurement
- Method of conducting technical evaluations for competitive proposals
- Record retention requirements
- Travel
- Use of credit/debit cards

Risk Analysis Tool – DOE Form 610

- Does the agency maintain a fixed asset management system, with policies and procedures with the following components?
 - Unique property identification number
 - Date of acquisition
 - Acquisition cost
 - Description of property
 - Location of property
 - Maintenance
 - Useful life and depreciation methods
 - Asset protection (physical safeguards, insurance, etc.)

Risk Analysis Tool – DOE Form 610

- Does the agency use an operating budget to control project funds?
- Does the agency have a federal approved indirect cost rate (N/A for school districts)
- For staff working on a single federal cost objective, are semi-annual certifications maintained?
- For staff working on two or more single federal cost objectives are personnel activity reports maintained?
- Is a complete personnel record maintained on each employee?
- Do agency policies require that employees' timesheets be signed by the employee and the employee's immediate supervisor?

Risk Analysis Tool – DOE Form 610

- Do travel expenditures require advance approval by an appropriate supervisor?
- Does the agency maintain a code of conduct that governs the performance of its officers, employees or agents engaged in procurement which will help to avoid any conflict of interest?

Risk Analysis Tool – DOE Form 610

Items to be Submitted

- Date Universal Numbering System (DUNS) registration
- System for Award Management (SAM) registration
- Current organizational chart
- Policies and procedures to generate financial statements
- Policies and procedures on payroll cost and time and effort reporting
- Purchasing policies and procedures
- Policies and procedures for fixed assets
- Description of agency's financial management system
- Copy of chart of accounts (N/A for school districts)
- Copy of federal approved indirect cost plan and approval documentation, if applicable (N/A for school districts)

Award – DOE 200

- Once FDOE has verified that all required components of an application have been received or are on file (project narrative, proposed budget, General Assurances, and Risk Assessment), a Project Award Notification will be issued. This document will specify:
 - Recipient Name, DUNS, and FEIN #
 - Program Title and Authority (e.g., CFDA #, Appropriation, etc.)
 - Project Period (Budget and Program)
 - Funding
 - Method of Disbursement (e.g., Federal Cash Advance)
 - Timelines
 - Contacts
 - Terms and Special Conditions

When Does a Subrecipient Need to Submit an Amendment (DOE 150/151) for Prior Approval?

- A formal written amendment must be submitted to FDOE for prior approval when the subrecipient wants to make a substantive change to the proposal
- Substantive changes would include:
 - Scope, goals, or objectives
 - Project evaluation scope
 - Deliverables or work tasks
 - Key personnel
 - Contracted services
 - Budgetary changes needed to implement a substantive change

When Does a Subrecipient Need to Submit a Formal Amendment (DOE 150/151) for Prior Approval?

- Some people believe that the rule is that a 10% change in a budget lines requires an amendment. That is not the case. Need for an amendment is based on the types of changes enumerated in the previous slide, rather than the amount of the change. See Section B of the Green Book.

Changes may not be implemented until FDOE has issued a revised DOE 200 approving the amendment request.

Final Expenditure Reports: DOE 399, 499, and 599

Certification statement to be signed by finance officer (language required for federal but used by Florida for both state and federal)

By signing this report, I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the Federal award. I am aware that any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil or administrative penalties for fraud, false statements, false claims or otherwise.

Role of Finance Office

- Work closely with program staff who develop applications for funding on budget requirements
- Ensure that any proposed budget is reviewed by the finance office before it is submitted to FDOE for approval
- Be aware of fiscal requirements specific to each program, including reporting requirements, and work collaboratively with program staff to ensure compliance.



Part II: Federal Requirements

Federal Requirements

- Program Specific Laws and Associated Regulations
 - Elementary and Secondary Education Act (ESEA) as amended by the Every Student Succeeds Act (ESSA)
 - Individuals with Disabilities Education Act (IDEA)
 - Carl D. Perkins
 - Adult Education
- General Requirements
 - Uniform Grant Guidance (UGG)
 - Education Department General Administrative Regulations (EDGAR)
 - General Education Provisions Act (GEPA)

Basic Elements of Federal Programs

- Maintenance of Effort (MOE) = level of non-federal support for specific programs cannot be reduced from year to year
 - Expenditures of non-federal funds for the fiscal year must equal or exceed expenditures from the 2nd preceding year
 - Example: Expenditures of non-federal funds for students with disabilities in 2016-17 must equal or exceed expenditures in 2015-16.

Maintenance of Effort

- Usually calculated as either
 - Per student
 - In the aggregate
- Use the calculation most advantageous to the district
- Calculated by DOE using cost reports
- If it appears that district did not meet MOE, district will be asked to provide additional documentation

Calculation of MOE

- Use the total amount of state and local funds **expended** for two consecutive fiscal years
- Less any federal funds
- Deduct Community Services, Capital Outlay, Debt Services, and any non-recurring Incentive or Bonus Programs

Maintenance of Effort

- Problem: compliance with MOE requirements cannot be determined until after it is too late to make changes
- Partial Solution: be knowledgeable about levels of effort for current and preceding years:
 - Take MOE into account during budget process
 - Monitor expenditure rates throughout the fiscal year

Supplement – Not Supplant

- Federal funds must be used to supplement and in no case supplant other state, local, and sometime federal resources
- Key question to ask: “What would have happened in the absence of the federal funds?”

Presumptions of Supplanting

Presume supplanting occurred if federal funds used to provide services that:

1. Were required to be made available under other federal, state, or local laws;
2. Provided with non-federal funds in prior year;
3. Were provided to participating children, if those same services provided with non-federal funds to non-participating children

Rebuttal of Presumption

- Presumption may be overcome by **documentation** confirming that, in the absence of the Federal funds, the district would not have maintained these personnel or services with State or local funds. Document:
 - The reduced amount or lack of State and local funds available to pay for this position AND
 - The district's decision to eliminate the position in the absence of Federal funding, along with the reason(s) for that decision.

Note!

Although the standard definition for supplement/not supplant still applies for Title I funds spent at the district-level, ESSA prescribed a different approach to determining whether supplanting has occurred at the school level. (Methodology used to allocate State and local funds to Title I schools ensures that Title I schools receive all of the State and local funds it would receive if it were not receiving Title I funds.)

FDOE is working with districts to determine appropriate ways to measure supplement/not supplant for Title I.

Financial Management System

Written Procedures:

- Identification of Federal Awards
- Financial Reporting
- Accounting Records
- Internal Controls
- Budget Controls
- Implementing CMIA* (done through FLAGS)
- Determination of Allowability

*CMIA = Cash Management Improvement Act

Allowability of Costs Criteria

Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under federal awards:

- a) Be necessary, reasonable, and allocable;
- b) Conform to limitations or exclusions set in the principles or the Federal award;
- c) Be consistent with policies and procedures that apply to both federal and non-Federal entity.

Allowability of Costs Criteria (cont.)

(d) Be applied with consistent treatment.

Example - 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)

Cost Principles

Basic standards:

- Necessary
- Reasonable
- Allocable
- Allowable

Note: All must be documented

Reasonable Costs

A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost.

Reasonable Costs (cont.)

- Consideration must be given to:
 - a. Whether cost is a type generally recognized as ordinary and necessary for the operation of the non-Federal entity or the proper and efficient performance of the Federal award;
 - b. The restraints or requirements imposed such as:
 - Arms length bargaining (hint: procurement processes);
 - Federal, state and local laws; and
 - Terms of the grant award.
 - c. Market Prices for comparable goods or services in the geographical area;
 - d. Whether the individuals acted with prudence under the circumstances considering their responsibilities; and
 - e. No significant deviation from established prices.

Reasonable Costs (cont.)

- Practical Questions
 - Do I really need this?
 - Is the expense targeted to valid programmatic/ administrative need?
 - Is this the minimum amount I need to spend to meet my need?
 - Do I have the capacity to use what I am purchasing?
 - Did I pay a fair rate?
 - If I were asked to defend this purchase, would I be able to?

Allocable Costs

- A cost is allocable to a Federal award or cost objective if the goods or services involved are chargeable or assignable in accordance with relative benefits received.
 - Incurred specifically for the award;
 - Benefits both award and other work and can be distributed in proportions that may be approximated using reasonable methods; and
 - Necessary to the overall operation of the entity and assignable to the award in accordance with this Part.
- Can only charge in proportion to the value received by the program
 - Example: Agency purchases a computer to use 50% on the Federal grant program and 50% on a state program – can only charge half the cost to the grant.

Cash Management

The non-Federal entity must have written procedures for cash management activities. These procedures must ensure that the following phases are addressed:

- Payment Process
 - Obligation
 - Liquidation
 - Drawdown
-
- Cash Management Improvement Act (CMIA) requires no more than 72 Hours between draw down of monies and payment of those monies, otherwise interest begins to accrue.

Obligations

- Obligation = Transaction that requires payment

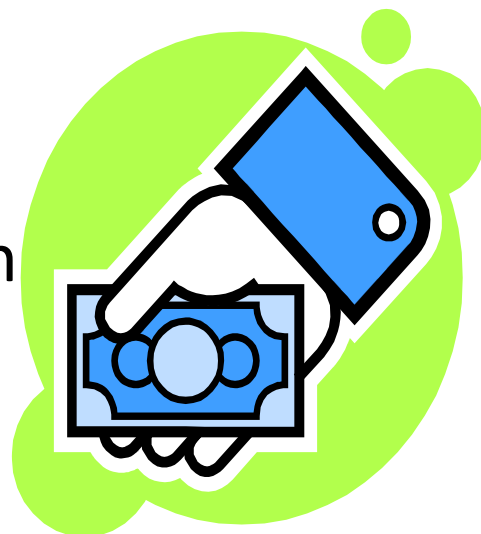


Obligations (cont.)

Type of Obligation	When Obligation Occurs
Acquisition of Property	Date of binding written commitment
Personal Services by Employee	When services are performed
Personal Services by Contractor	Date of binding written commitment
Travel	When travel is taken
Approved Pre- Agreement Cost	On the first day of the grant or subgrant performance period.

Liquidations

- Liquidation = Settle an obligation by paying funds



Equipment

Management Requirements. Managing procedures for equipment acquired in whole or in part under a Federal award shall, at a minimum, require:

- (1) Description of the property
- (2) Source of funding
- (3) Acquisition date and cost
- (4) Percentage of Federal participation
- (5) Location
- (6) Use and condition of the property
- (7) Disposition data

Equipment (cont.)

- A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years. **However, the state requirement is that inventory be reconciled annually.**
- 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.
- Adequate maintenance procedures must be developed to keep the property in good condition.
- 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.

Equipment

- Small attractive items with a purchase value less than \$1,000, whether classified as equipment, technological item, or supplies must be safeguarded and there must be a **written policy on tracking.**

Procurement

The non-Federal entity must have written procedures for procurement transactions. These procedures must ensure that all solicitations:

- (1) Clear and accurate description of the technical requirements for the material, product, or service to be procured.
- (2) Description must not, in competitive procurements, contain features which unduly restrict competition.
- (3) The description may include a statement of the qualitative nature of the material, product or service to be procured and, when necessary, must set forth those minimum essential characteristics and standards.
- (4) Avoid detailed product specifications.
- (5) When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a “brand name or equivalent” description may be used as a means to define the performance or other salient requirements of procurement.

Florida Guidelines

Procurement for school districts is governed by Rule 6A-1.012, FAC, Purchasing Policies.

This rule requires that each district school board shall establish purchasing rules which must include but not be limited to the provisions contained in the Rule.

<https://www.flrules.org/gateway/RuleNo.asp?title=FINANCE AND ADMINISTRATION&ID=6A-1.012>

Procurement for state agencies is governed by Chapter 287, Laws of Florida.

Conflict of Interest

- Must maintain written standard of conduct, including conflict of interest policy.
- A conflict of interest arises when any of the following has a financial or other interest in the firm selected for award:
 - Employee, officer or agent
 - Any member of that person's immediate family
 - That person's partner
 - An organization which employs, or is about to employ, any of the above or has a financial interest in the firm selected for award

Documentation for Personnel Expenses (Time and Effort) “New” Requirements

These records MUST:

1. Be supported by a system of internal controls which provides reasonable assurance charges are accurate, allowable and properly allocated;
2. Be incorporated into official records;
3. Reasonably reflect total activity for which employee is compensated; Not to exceed 100%

Documentation for Personnel Expenses (Time and Effort) “New” Requirements cont.

4. Encompass all activities (federal and non-federal);
5. Comply with established accounting polices and practices; and
6. Support distribution among specific activities or cost objectives.

Documentation for Personnel Expenses (Time and Effort)

- Budget estimates alone do not qualify as support for charges to Federal awards but may be used for interim accounting purposes if such use:
 - Produces reasonable approximations
 - Significant changes to the corresponding work activity are identified in a timely manner
 - Internal controls in place to review after-the-fact interim charges based on budget estimates

Documentation for Personnel Expenses (Time and Effort)

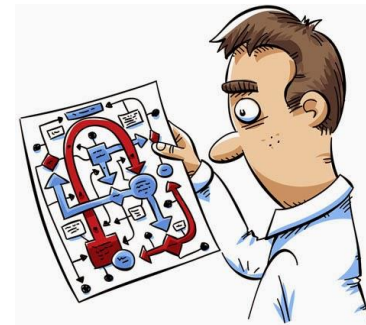
All necessary adjustments must be made such that the final amount charged to the Federal award is accurate, allowable, and properly allocated.

Costs - Personnel (Time)

- If federal funds are used for salaries “time and effort records” must be kept
- Must demonstrate that employees paid with federal (or other grant) funds actually worked on the specific funded program
- Applies to all employees who are paid in whole or part with grant funds

Time and Effort Documentation

Due to lack of clear directive from federal government – no change recommended at this point.



Substitute System(s)

- Florida currently has a substitute system which was approved in 1996 and many districts have implemented this system.
- Several years ago a “new” option was offered that allows employees with schedules that do not change from week to week to certify time and effort on a semi-annual basis.

Substitute System

- Can do PARS 3 times per year instead of monthly.
- Can reconcile at the end of the year rather than monthly or quarterly.
- Reconciliation can be done in the aggregate rather than by individual employee.
- Must be implemented through a formal written agreement between FLDOE and the district.

Travel Costs

Travel costs are the expenses for transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of the non-Federal entity.

Travel

Note: All subrecipients are required to adhere to Section 112.061, Florida Statutes, and the DOE Travel Manual, which cover per diem allowance and travel expenses.

Cost Principles (cont.)

State restrictions may further limit expenditures of federal awards. See “Reference Guide for State Expenditures.”

Questionable Expenditure Examples:

- Candy
- Alcohol
- Banquets
- Decorations
- Greeting Cards
- Gift Cards
- Lobbying
- Personal Cellular Telephones



Questionable Expenditure Examples:

- Fund Raising
- Promotional Items
- Entertainment
- Meals not in accordance with Section 112.061FS



Note: some of these items may be allowable with statutory authority.

Questionable Expenditure Examples:

- Microwave Ovens* Flowers
- Refrigerators* Awards
- Coffee Pots* Refreshments
- Portable Heaters* Office Parties
- Fans*

*For the personal convenience of staff

Note: some of these items may be allowable with statutory authority.

How is the Indirect Rate Determined?

- Approved by the cognizant agency.
- DOE is the cognizant agency for all LEAs.
- Two types of rates – restricted and unrestricted. Most education grant funds are required to use restricted rates.
- IF an entity has a restricted indirect cost rate approved by an entity other than DOE, that is the rate that will be used.
- IF there is not an approved restricted rate, the rate will be 8% of the modified total direct cost (MTDC).

Relationship Between Indirect and Administrative Costs

- Indirect costs are considered a part of administrative costs.
- IF there is a cap on administrative costs (and for many education programs there is a cap), AND that cap is lower than the indirect cost rate, the indirect rate must be lowered to equal or be less than the administrative costs cap.
- Example: Entity has an indirect rate of 8%. Administrative costs cap for program is 5%. Indirect rate cannot exceed 5% for the specific program.

Final Expenditure Reports: DOE 399, 499, and 599

New certification statement replaces previous certification statement on these reporting forms.

By signing this report, I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the Federal award. I am aware that any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil or administrative penalties for fraud, false statements, false claims or otherwise.

Does Equipment Become “Supplies?”

No.

Object codes as specified in the Red Book have not changed:

- 600 Furniture, Fixtures and Equipment
 - 641 Capitalized Furniture, Fixtures and Equipment
 - 642 Noncapitalized Furniture, Fixtures and Equipment
 - 643 Capitalized Computer Hardware
 - 644 Noncapitalized Computer Hardware

Charts of accounts for other sub-recipients should clearly distinguish these categories

Is Purchase of Food Allowable?

Food is not an allowable expenditure unless made pursuant to s. 1001.43(2)(g) which provides that the **district school board** may adopt policies which permit

“The use of federal funds to purchase food when federal program guidelines permit such use.”

Useful Websites

- DOE Grants Management website (Green Book, fiscal training)
<http://www.fldoe.org/finance/contracts-grants-procurement/grants-management>.
- U.S. Department of Education website devoted to technical assistance for grantees (regulations, FAQs, training resources)
<http://www2.ed.gov/policy/fund/guid/uniform-guidance/index.html>.

Useful Resources

- Reference Guide for State Expenditures

[http://www.myfloridacfo.com/Division/AA/Manuals/Auditing/Reference Guide For State Expenditures.pdf](http://www.myfloridacfo.com/Division/AA/Manuals/Auditing/Reference%20Guide%20For%20State%20Expenditures.pdf)



Thank You!



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