Policies and Procedures Under the Uniform Guidance

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What NOT To Do!

From October 1, 2015 through March 31, 2016 the ED OIG:

Completed 48 investigations of fraud & corruption

secured more than

$185.7 Million

in settlements, fines, restitutions, recoveries, forfeitures and savings.

Recent USDE OIG Findings Semiannual Reports No. 72 (October 1, 2015 – March 31, 2016)

Puerto Rico

- A former Principal allegedly embezzled more than $67,000 in school funds, cashed checks written to him from the school bank account to pay for various personal bills including his fitness club membership and online shopping.

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Recent OIG Findings Semiannual Reports No. 72

Louisiana

- Former Maintenance and Operations Supervisor used his position and authority to purchase items with school district funds for personal use.
- He was sentenced to 2 years probation and paid more than $9,000 for fines for theft.

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What NOT To Do!

From April 1, 2016 through September 30, 2016 the ED OIG has:

Completed 35 investigations of fraud & corruption

secured more than

$27 Million

in settlements, fines, restitutions, recoveries, forfeitures and savings.

Recent OIG Findings
Semiannual Reports No. 73

El Paso Independent School District (Texas)

- Former Superintendent sentenced to prison for steering school contracts to his girlfriend and for directing district employees to change student records, reclassify grade levels, and take other actions to make it appear the LEA was meeting or exceeding AYP to receive financial bonuses.
- Actions also taken against 7 current and former El Paso employees for their roles in scam -- including associate superintendents, director of priority schools, principal and assistant principal. All indicted for conspiracy.
- 2 assistant principals charged with retaliating against district employees they thought cooperated with Federal investigators

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Recent OIG Findings
Semiannual Reports No. 73

Beaumont Independent School District (Texas)

- Assistant Superintendent pled guilty to theft & conspiracy. Admitted to embezzling money from LEA -- stealing from HS booster club & steering contracts to family totaling $480,000 for services never provided. Sentenced to 40 months in prison and 3 years supervised release. Ordered to pay more than $500,000 in restitution.
- Teacher pled guilty for conspiring with Assistant Superintendent to increase standardized test scores by providing teachers with test answer keys and changing answers in test booklets. Sentenced to 3 years of probation and 300 hours of community service.

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Recent OIG Audits

Los Angeles Unified School District Internal Controls over Nonpayroll Purchases

- **No findings!!!**

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Recent Audits

"When we had concerns regarding specific purchases under the four cost types, we asked for more information from LAUSD officials and obtained reasonable responses."

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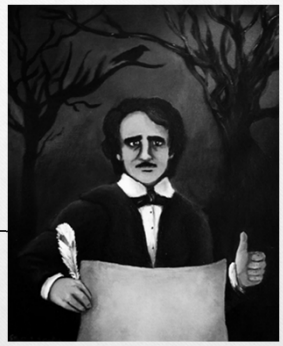
The New EDGAR



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Key Parts of the NEW EDGAR

- **Title 34**
  - Part 75 – Direct Grant Programs
  - **Part 76 – State-Administered Programs**
  - Part 77 – Definitions
  - Part 81 – General Education Provisions Act (GEPA)
- **Title 2**
  - **Part 200 – Cost/Administrative/Audit Rules**
  - **Part 3474 – USDE Exceptions – Adopts Part 200**
  - Part 3485 – Nonprocurement Debarment and Suspension

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Prior Rules (Incorporated Into the NEW EDGAR)

- A-21 – Cost Rules – Rules – IHEs
- A-87 – Cost Rules – State / Local Gov't
- A-122 – Cost Rules – Nonprofit
- A-102 – Administrative Rules State / Local Gov't
- A-110 – Administrative Rules IHEs
- A-133 – Audit Rules

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Effective Dates

- **December 26, 2014** – Direct Grants from ED
- **July 1, 2015** – State Administered Programs
- **July 1, 2017** – Procurement Rules
- Indirect Cost Rates When Due For Renegotiation

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Policies & Procedures

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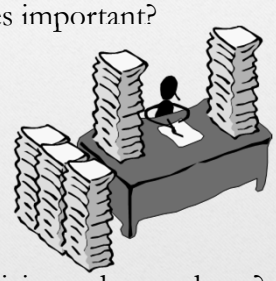
Agenda

- Why are policies and procedures important?
- Logistics
- Suggested Sections
  - Rules and Requirements
  - Helpful Questions to Ask
- What to do with completed policies and procedures?



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Why are Policies and Procedures Important?

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Why?

- Single Audits
- Monitoring
- Staff Changes and Transitions
- New EDGAR requirements
  - Uniform Grant Guidance

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Single Audits

- Auditors ask about policies and procedures
  - Some tests specifically require written policies and procedures

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Single Audits

Compliance Supplement (2016)
Part 6: Internal Controls, Section C. Control Activities

- The actions management establishes through **policies and procedures** to achieve objectives and respond to risks in the internal control system.
- Operating policies and procedures exist and are **clearly written and communicated**.

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Audit Requirements 200.501

- NEW: Threshold increased to $750,000
- The federal agency, OIG, or GAO may arrange for audits in addition to single audit

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Federal Agency Responsibilities 200.513

- NEW: The federal awarding agency must use cooperative audit resolution to improve federal program outcomes
  - Cooperative Audit Resolution: means the use of audit follow-up techniques which promote prompt corrective action by improving communication, fostering collaboration, promoting trust and developing an understanding between the Federal agency and non-Federal entity 200.25.

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Audit Findings 200.516

- The auditor must report (for major programs):
  - Significant deficiencies and material weaknesses in internal controls
  - Significant instances of abuse
  - Material noncompliance
  - Known questioned costs > $25,000
- Auditor will not normally find questioned costs for a program that is not audited as a "major program"
  - NEW: But if auditor becomes aware of questioned costs > $25,000 for non-major program, must report

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Monitoring

- Policies and procedures are evidence of compliance under all program monitoring tools

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Example Monitoring Indicators

From Perkins IV Monitoring Checksheet:

- Policies, procedures, and protocols for monitoring sub-recipients to assure their compliance with all applicable federal requirements
- State policies and procedures governing the use of funds by eligible recipients to improve career and technical education programs
- Policies and procedures for the use of performance results to improve local programs
- Policies and procedures explaining the various State funding sources that are used to calculate non-federal expenditures for career and technical education including the administration match

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Example Monitoring Indicators

From Perkins IV Monitoring Checksheet (cont.)

- State Policies and procedures for redistributing carryover funds
- State policies and procedures for the purchase of equipment with Perkins funds for eligible recipients
- State policies and procedures addressing supplanting for eligible recipients
- State policies and procedures for ensuring that data reported by eligible recipients to the eligible agency is complete, accurate, and reliable

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Monitoring

- Compliance Supplement, Part 6: Internal Controls, Subrecipient Monitoring
- Periodic site visits and checks are performed to determine whether procedures are being followed as intended.
- Written policies and procedures exist establishing:
  - Communication of Federal award requirements to subrecipients
  - Responsibilities for monitoring subrecipients
  - Process and procedures for monitoring
  - Methodology for resolving findings
  - Requirements related to subrecipient audits, including appropriate adjustment of pass-through's accounts

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Staff Changes and Transitions

- Training tool
- Maintain consistency

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Uniform Grant Guidance

- Emphasis on internal controls
- Written policies and procedures are required!
  - Written Cash Management Procedure - 200.302(b)(6) & 200.305
  - Written Allowability Procedures - 200.302(b)(7)
  - Written Conflicts of Interest Policy - 200.318(c)
  - Written Procurement Procedures - 200.19(c)
  - Written Method for Conducting Technical Evaluations of Proposals and Selecting Recipients - 200.320(d)(3)
  - Written Travel Policy - 200.474(b)
  - **Procedures for managing equipment - § 200.313(d)

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- Compliant policies and procedures lead to:
  - Administering compliant programs and complying with grants management requirements!

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Policies & Procedures

- Policies and procedures:
  - Guide organizations to meet goals
  - Provide support for actions
    - Governing laws, regulations, rules
    - Step-by-step activities to accomplish goals
  - Don't need to be long and complex!
    - Short, clear, simple statements
    - Bullets, flowcharts, checklists, etc.

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Policies vs. Procedures

- Policies – goals for your organization
- Procedures – steps to achieve your goals

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Policies vs. Procedures

Policies

- Rules, guidelines and principles to ensure compliance and consistency
- Describes how entity intends to operate
  - Focuses on entity's intentions, not functions of personnel

Procedures

- Describes how policy is carried out
- Segregation of duties
- Describes who will do what
  - Position, department, division
  - Steps to take
  - When actions are triggered
  - Forms or documents to use

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Logistics

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What category do you fall into?

- No policies and procedures
- Some policies and procedures
- Existing policies and procedures need updating
- Started updating existing policies and procedures, but got sidetracked…

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Logistics - Overview

- What is the process?
  - Review existing policies and procedures
  - Develop questions
  - Schedule interviews with relevant staff
  - Gather information on actual practices
  - Draft policies and procedures
  - Review internally with appropriate staff
  - Revise
  - Formally adopt and implement
  - Train staff

Annually review and revise!

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Where to Start?

- Determine goal
  - Internal for your own organization?
  - For subgrantees?
  - Specific to Grant?
  - Cross-cutting?

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Where to Start?

- Create a team
  - Fiscal and program staff (very important)
  - Everyone involved should sit in the same room to review grant activities, decision making, job responsibilities, etc.

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Where to Start?

- Create a table of contents
- Assign subjects
- Create realistic timeline for completion
- Review & collect existing documentation
  - Policies & procedures from different offices and websites
  - Memos
  - Emails
  - Forms
  - Job descriptions
- Directly from the source – the staff member(s)

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- How long does it take?
  - Depends on need
  - Review of existing policies and procedures is less time than starting from scratch
  - Set deadlines for actions
- Upcoming monitoring?
  - Use as corrective action plan if necessary

Don't get overwhelmed!

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Things to consider:

- Buy-in from those who will be using the policies and procedures
- Review for accuracy, completeness and compliance
- Adoption by board or other governing body
- Can provide links to relevant documents or other relevant policies and procedures
- Can include forms or other documents as appendix

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Resources

- Uniform Grant Guidance
- Education Department General Administrative Regulations (EDGAR)
- Authorizing statute
- Program regulations
- Program guidance
- State and agency rules, regulations, policies and procedures

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Suggested Sections

- Organization, Structure and Function
- Grant Application Process
- Financial Management System
- Procurement
- Inventory/Property Management
- Time and Effort
- Record Keeping/Record Retention
- Monitoring
- Audit Resolution
- Programmatic Fiscal Requirements
- Programmatic Requirements
- Notice of Nondiscrimination/Grievance Procedures
- FAQs?

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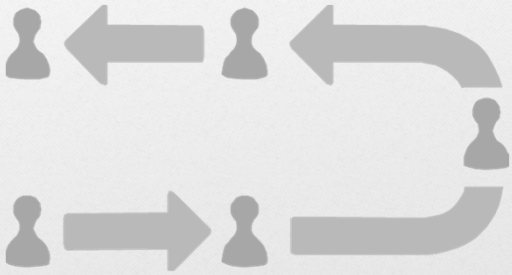
Organization, Structure and Function



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Organization, Structure and Function

- Organization Chart
  - Offices
  - Sections
  - Divisions
- Job Descriptions & Responsibilities
- Outside entities with grant administration responsibilities
  - MOU/MOA

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Organization, Structure and Function Best Practices

- Include information about all offices, sections, divisions or employees that have responsibility for grant administration.
  - E.g., Procurement, inventory, cash management
- Describe any entities outside of the agency that have grant administration responsibilities.
  - E.g., Correctional facilities, secondary/postsecondary agency, partner agency
  - MOU/MOA between the grantee and outside agency

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Organization, Structure and Function Helpful Questions to Ask

- Do you have an organizational chart?
- What are the offices, sections, divisions or employees that have responsibility for grant administration?
  - What are their responsibilities?
- Are there any entities outside of the agency that have grant administration responsibilities?
  - What are those responsibilities?
  - How was relationship created? What are the terms?
    - MOU/MOA?

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SAMPLE

Table of Contents

I. Introduction

II. Organization, Structure and Function

1. Organization Chart
2. Job Descriptions
3. Outside Entities with Grant Administration Responsibilities
   - Can use MOUs/MOAs as appendix

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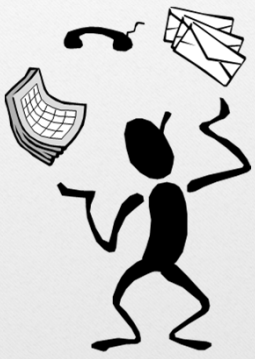
Grant Application Process



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Grant Application Process

- State-Administered Grant vs. Direct Grant
- Decisions regarding what grants to apply for
- Determining organizational capacity to run a compliant program
- Approvals and Authorizations
- After the grant is awarded

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Grant Application Process

- If Pass-Through Entity:
  - Discuss how subgrantees apply for grants
  - Consider including screenshots of online applications with directions
  - Responsible for risk analysis prior to issuing award!

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Grant Application Process

- If Subrecipient:
  - Discuss how decides what grants to apply for
  - Discuss how entity applies for grants
  - Responsibilities of various personnel
    - Who completes application?
    - Who reviews application?
    - Who signs off on application?

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Grant Application Process Best Practices

- Standardize how the agency determines which grants to apply for and the application process itself
  - Can include screenshots of online applications with directions
- Whether or not formal acceptance is required, meet with appropriate parties to be certain you want to accept the grant.
- Make acceptance a conscious act. Circumstances may have changed between submission of application and notice of award
- Grant team meetings

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Grant Application Process
Helpful Questions to Ask

- How does the agency determine what grants to apply for?
- What is the process?
- Who reviews and signs off on a grant application?
- What happens after a grant is awarded?

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Table of Contents

III. Grant Application Process

1. Grant Type
2. Organizational Capacity
3. Approvals and Authorizations
4. Post-Award Responsibilities

Remember – Doesn't have to be complicated!
Can be a Flow Chart or Bulleted List!

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Financial Management System

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Financial Management System

2 CFR § 200.302(b)

1. Identification of Awards (NEW)
2. Financial Reporting
3. Accounting Records (Source Docs)
4. Internal Control
5. Budget Control
6. **Written Cash Management Procedures (NEW)
7. **Written Allowability Procedures (NEW)

56

Internal Controls
200.302(b)(4)

- Effective control over and accountability for:
  1. All funds
  2. Property
  3. Other assets
- Must adequately safeguard all assets
- Use assets solely for authorized purpose

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The Definition of Internal Controls
200.61 and 200.62

- *Internal controls* means a process, implemented by a non-Federal entity, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:
  a. Effectiveness and efficiency of operations;
  b. Reliability of reporting for internal and external use; and
  c. Compliance with applicable laws and regulations.

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Internal Controls
200.303

a. Non-Federal entities must establish and maintain effective internal control over the Federal award that provides reasonable assurances that the entity is managing the award in compliance with federal statutes, regs, and terms of the award.
   - NEW: Internal controls "should" be in compliance with:
     - The U.S. Comptroller General's Standard for Internal Control Integrated Framework (http://www.gao.gov/greenbook/overview); or
     - Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) (https://www.coso.org/Pages/ic.aspx)

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Internal Controls (cont.)
200.303

b. Comply with Federal statutes, regs, and the terms and conditions of the Federal awards.

c. Evaluate and monitor the non-Federal entity's compliance with statutes, regs and the terms and conditions of Federal awards.

d. Take prompt action when instances of noncompliance are identified including in audit findings.

e. Take reasonable measures to safeguard protected personally identifiable info (PII) and other information designated or deemed sensitive

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Written Cash Management Procedures

- Must have written cash management procedures to implement requirements of § 200.305 Payment

61

Payment Methods

- Describe process used under various payment methods:
  - Advance payment
  - Reimbursement
  - Working capital advance

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Clarify Terminology

- Obligation
- Liquidation
- Drawdown
- Payment

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Written Allowability Procedures

- Must have written procedures for determining allowability
- In accordance with Subpart E – Cost Principles & terms and conditions of federal award

2 CFR § 200.302(b)(7)

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Written Allowability Procedures

- Not a restatement of Subpart E
- But a roadmap through grant development and budget process
- Training tool for employees

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Cost Principles: "Factors Affecting Allowability of Costs" 200.403

All Costs Must Be:

1. Necessary, Reasonable and Allocable
2. Conform with federal law & grant terms
3. Consistent with state and local policies
4. Consistently treated
5. In accordance with GAAP
6. Not included as match
7. *Net of applicable credits (moved to 200.406)*
8. Adequately documented

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Financial Management System

- Can include Selected Items of Cost section for frequently asked about expenses
- EDGAR has 55 specific items of cost - 200.420

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Travel Costs

- Uniform Grant Guidance § 200.474
- State Rules
- Agency Rules
- Documentation Required to be Maintained

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Best Practices

- Include
  - General information about accounting system
  - How budgets are loaded onto system
  - Process for comparing budgets to expenditures
  - Process and authorizations for budget revisions
  - Period of performance and when obligations are made
  - Process for carryover
  - Program income
  - Cost sharing/matching
- Incorporate state/agency requirements

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Financial Management System Helpful Questions to Ask

- What accounting system is used?
- What function does each system perform?
- Who is responsible for managing budgets and accounts payable?
- How are budgets loaded and tracked on the system?
- What is the process for comparing budgets to expenditures?

70

Financial Management System Helpful Questions to Ask

- How do you ensure all expenditures are allowable?
- What is the process for requesting budget revisions?
- How do you ensure that all expenditures are made within the period of availability?
- What happens to unobligated funds?
- Does the system interface with the procurement and inventory systems?

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Table of Contents

IV. Financial Management System

1. Financial Management Standards
2. Identification of Awards
3. Financial Reporting
4. Accounting Records
5. Internal Controls
6. Budget Control
7. Federal Cash Management

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SAMPLE

Table of Contents

IV. Financial Management System (cont.)

8. How to Determine if a Cost is Allowable
   - Describe each cost principle
   - Can include leading questions
     - Is there an educational benefit associated with good/service?
     - How did you ensure the price was reasonable?
     - Did you pay a fair rate? What documentation proves it?
9. Specific Items of Cost
   - Include frequently asked about costs
10. Timely Obligation of Funds
    - Obligation
    - Period of Availability
    - Carryover Procedures

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Procurement

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Procurement

- All nonfederal entities must have documented procurement procedures which reflect applicable Federal, State, and local laws and regulations.

2 CFR § 200.318(a)

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Procurement

- Open competition
- Conflict of Interest
- Solicitation
- Cost/Price Analysis
- Vendor Selection
- Required Contract Provisions
- Contract Administration
- Protest Procedures

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Competition

- All procurement transactions must be conducted with full and open competition.
  - Must have protest procedures to handle disputes
- To eliminate unfair advantage, contractors that develop or draft specifications, requirements, statement of work, and invitations for bids or RFPs must be excluded from competing for such procurements.

2 C.F.R. 200.319

77

Competition (cont.)

Situations that restrict competition:

1. Unreasonable requirements on firms to qualify to do business
2. Requiring unnecessary experience or excessive bonding
3. Noncompetitive pricing practices
4. Noncompetitive awards to consultants on retainer
5. Organizational conflicts of interest (see 200.318(c)(2))
6. Specifying a brand name instead of allowing "an equal"
7. Any arbitrary action in the procurement process

200.319(a)

78

Competition (cont.)

- Must prohibit the use of statutorily or administratively imposed state or local geographical preferences in the evaluation of bids or proposal, except where applicable Federal statutes expressly mandate or encourage geographic preference.
  - Does not preempt state licensing laws.
  - Exception: architectural and engineering services (if provides appropriate number of qualified firms)

  200.319(b)

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Competition (cont.)

- Written procedures for procurement must ensure all solicitations:
  - Incorporate a clear and accurate description of the technical requirements for materials, product or service to be procured; and
    - "Brand name or equivalent" may be used as needed, but the specific features of the named brand which must be met by the offers must be clearly states
  - Identify all requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals.

  200.319(c)

80

Vendor Selection Process

- Must award contracts only to responsible contractors possessing the ability to perform successfully:
  - Contractor integrity
  - Compliance with public policy
  - Record of past performance
  - Financial and technical resources

  200.318(h)

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Vendor Selection Process

- Must award contracts only to responsible contractors possessing the ability to perform successfully:
  - Contractor integrity
  - Compliance with public policy
  - Record of past performance
  - Financial and technical resources

  200.318(h)

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Vendor Selection Process

- Method of procurement:
  - NEW: Micro-purchase
  - Small purchase procedures
  - Competitive sealed bids
  - Competitive proposals
  - Noncompetitive proposals

2 CFR § 200.320

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Micro-Purchase

- NEW: Acquisition of supplies and services **under $3,500** or less.
  - Threshold set by the Federal Acquisition Regulation (FAR) at 48 CFR Subpart 2.1, which were updated on October 1, 2015)
  - $2,000 for construction subject to the Davis-Bacon Act
- May be awarded without soliciting competitive quotations if nonfederal entity considers the cost reasonable.
- To the extent practicable must distribute micro-purchases equitably among qualified suppliers.

300.320(a) (pg 120)

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Small Purchase Procedures

- Good or service that costs $150,000 or less
  - NEW: Simplified Acquisition Threshold was raised under 200.88
  - Organization may set lower threshold
- Must obtain price or rate quotes from an adequate number of qualified sources
- "Relatively simply and informal"

300.320(b)

85

Sealed Bids

- Over $150,000
  - Organization may set lower threshold
- Bids are publically solicited.
- Appropriate when:
  - A complete, adequate and realistic specification or description of good or service is available;
  - Two or more responsible bidders are willing and able to compete effectively for the business
  - Selection of vendor can be made principally based on price and it's a firm fixed price contract.

300.320(c)

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Competitive Proposals

- Over $150,000
  - Organization may set lower threshold
- Award contract to responsible vendor whose proposal is most advantageous to the program, considering price and other factors
- Generally used when sealed bid is not appropriate.

300.320(d)

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Noncompetitive Proposals

- Appropriate only when:
  - The item is only available from a single source;
  - There is a public emergency that will not permit delay;
  - NEW: The Federal awarding agency or pass-through expressly authorizes noncompetitive proposals in response to a written request from non-Federal entity; or
  - After soliciting a number of sources, competition is determined inadequate.

200.320(f)

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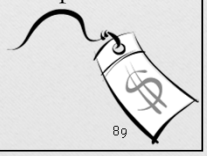
Contract Cost and Price

- NEW: Must perform a cost or price analysis in connection with every procurement action over $150,000, including contract modifications
- Independent estimate before receiving bids or proposals.
  - Cost analysis generally means evaluating the separate cost elements that make up the total price (including profit)
  - Price analysis generally means evaluating the total price

200.323



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Conflict of Interest

- Must maintain written standards of conduct, including conflict of interest policy.

2 CFR § 200.318(c)(1)

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Conflict of Interest

- 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

2 CFR § 200.318(c)(1)

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Gratuities Policy

- Prohibition against soliciting or accepting gratuities, favors, or anything of monetary value from contractors or parties to subcontracts
- May set standards in which the financial interest is not substantial or the gift is an unsolicited item of nominal value
  - Consider including examples

2 CFR § 200.318(c)(1)

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Disciplinary Actions

- Written standards must provide for disciplinary actions for violations of the conflict of interest policies.

2 CFR § 200.318(c)(2)

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Conflict of Interest

- If the non-federal entity has a parent, affiliate, or subsidiary organization that is not a state or local government the entity must also maintain written standards of conduct covering organization conflicts of interest. 200.318(c)(2)
- All non federal entities must establish conflict of interest policies, and disclose in writing any potential conflict to federal awarding agency in accordance with applicable federal awarding agency policy. 200.112

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Conflict of Interest Best Practices

- Definition
- Chain for reporting potential conflicts
  - Alternate if reporting to employee involved in potential conflict
- Definitions and examples of nominal items & gratuities
- Disciplinary actions
- Recusal
- Training on policy
- Signed certification that employee received and understands conflicts policy

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Procurement Best Practices

- Clearly defined thresholds
- List of required/accepted documentation and required forms
- Specify number of required bids/quotes
- Include description of solicitation process (transparency)
- Include procedures that ensure contracts are delivered before payment
- Segregation of duties is important

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Procurement
Helpful Questions to Ask

- What is your conflict of interest policy?
- What are State and/or agency-specific requirements that must be followed?
- Approval for contracts?
- Service contracts vs. Contracts for goods?
- Contract thresholds and process for entering into contracts within each threshold amount?

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Procurement
Helpful Questions to Ask

- What are the protest procedures?
- Evidence that entity meets sole-sourcing exception?
- What clauses and/or certifications must be in each contract?
- How do you ensure that the terms of the contract are met?
- How are vendors paid? What is the process? Who is involved?

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SAMPLE

Table of Contents

V. Procurement System

1. Full and Open Competition
2. Conflict of Interest
3. Solicitation
4. Vendor Selection
5. Required Contract Provisions
6. Contract Administration
7. Protest Procedures

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Inventory & Property Management

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Inventory & Property Management

- Property Classifications
  - Equipment
  - Supplies
  - Computing Devices
- Shared Use of Equipment
- Inventory Procedure
- Loss, Damage or Theft
- Disposition

2 CFR § 200.313

101

Equipment and Supplies

- Equipment – No change in definition § 200.33
- Anything that is not equipment is considered supplies § 200.94
- NEW: Computing devices
  - Machines used to acquire, store, analyze, process, public data and other information electronically
  - Includes accessories for printing, transmitting and receiving or storing electronic information
  - Computing devices are supplies if less than $5,000
    - BUT . . .

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Equipment and Supplies

- Regardless of cost, grantee must maintain effective control and "**safeguard all assets** and assure that they are used solely for authorized purposes."
  - § 200.302(b)(4)

Inventory & Property Management

- Must have inventory management system
  - Property records
    - Description, serial number or other ID, title info, acquisition date, cost, percent of federal participation, location, use and condition, and ultimate disposition
  - Physical inventory
    - At least every two years
  - Control system to prevent loss, damage, theft
    - All incidents must be investigated

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Disposition-Equipment § 200.313

- When property no longer needed, must follow disposition rules:
  - Transfer to another federal program
  - Over $5,000 – pay federal share
  - Under $5,000 – no accountability
- NEW: Non-federal entity must request disposition instructions from the federal awarding agency if required by the terms of the grant

105

Best Practices

- Define property classifications and internals controls for each classification
- Review inventory records to ensure all required categories are maintained
- Policy regarding lost, stolen or damaged items
- Clear disposition procedures

106

Inventory/Property Management Helpful Questions to Ask

- How do you classify and define property?
  - Equipment, supplies, etc.
- What items must be inventoried and tagged?
  - Detailed inventory records
- What is the inventory process?
- How frequently is a physical inventory conducted?
- What is the policy regarding lost, stolen or damaged items?
- Are there procedures to transfer equipment between programs?
- What are the disposition procedures?

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VI. Inventory and Property Management Systems

1. Property Classifications
2. Shared Use of Equipment
3. Inventory Procedure
4. Maintenance
5. Lost or Stolen Items
6. Disposal of Equipment

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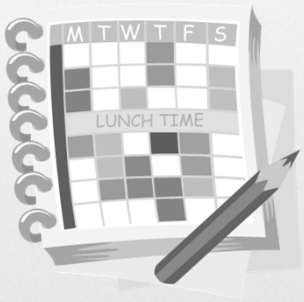
Time and Effort



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"Standards for Documentation of Personnel Expenses" § 200.430

- NEW: Charges for salaries must be based on records that *accurately reflect* the work performed
  1. Must 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%

110

"Standards for Documentation of Personnel Expenses" § 200.430

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

111

Who must participate?
200.430(i)(1) and (i)(4)

- Must be maintained for <u>all</u> employees whose salaries are:
  - Paid in whole or in part with federal funds
  - Used to meet a match/cost share requirement
  - NOT contractors

112

The Prior A-87 Rule (SEAs and LEAs)

Semi-Annual Certifications

- If an employee works on a single cost objective:
  - After the fact
  - Account for the total activity
  - Signed by employee **or** supervisor
  - Every six months (at least twice a year)

Personnel Activity Report (PAR)

- If an employee works on multiple cost objectives:
  - After the fact
  - Account for total activity
  - Signed by employee
  - Prepared at least monthly and coincide with one or more pay periods

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Documentation for Personnel Expenses (cont.) 200.430(i)(1)

NEW: 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%

114

Cost Objectives
200.28

Program, function, activity, award, organizational subdivision, contract, or work unit for which cost data are desired and for which provision is made to accumulate and measure the cost of processes, products, jobs, capital projects, etc.

115

Time and Effort Guidance by OCFO?

Does it still apply?

- It is possible to work on a single cost objective even if an employee works on more than one Federal award or on a Federal award and a non-Federal award.
- ***The key to determining whether it is a single cost objective is whether the employee's salary and wages can be supported <u>in full</u> from each of the Federal awards on which the employee is working or from the Federal award alone if the employee's salary is also paid with non-Federal funds.***

http://www2.ed.gov/policy/fund/guid/gposbul/time-and-effort-reporting.html

116

Use of Budget Estimates 200.430(i)(1)(viii)

- Budget estimates alone do not qualify as support for charges to Federal awards May be used for interim accounting purposes if:
  - 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

117

Substitute Systems 200.430(i)(5)

- States, local governments and Indian tribes encouraged to adopt "substitute systems" if approved by cognizant agency for indirect cost.
  - No longer applies to nonprofits.
- Still acceptable to allocate sampled employees' supervisors, clerical and support staffs, based on the result of the sampled employees.

118

Alternative Proposals 200.430(i)(6)

- NEW: Cognizant agencies for indirect costs are encouraged to accept alternative proposals based on outcomes and milestones for program performance.
- These plans are acceptable as alternatives to the Part 200 standards.

119

Blended Funding 200.430(i)(7)

- A non-Federal entity may submit performance plans that incorporate funds from multiple Federal awards and account for their combined use based on performance-based metrics, if approved.
- Must submit a request for a waiver that includes certain information, including the method of charging costs.

120

"Standards for Documentation of Personnel Expenses" § 200.430

- NEW: If records meet the standards: the non-federal entity ***will NOT be required to provide additional support or documentation for the work performed*** § 200.430(i)(2)
- **BUT**, if "records" of grantee do not meet new standards, ED may require PARs § 200.430(i)(8)
  - PARs are not defined!!

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Association of Education Federal Finance Administrator's

AEFFA/BRUMAN

Joint Letter to ED – June 15, 2016

Time and Effort Proposals

122

AEFFA/BRUMAN PROPOSAL I

Certification of actual time worked

- Previous standards but less frequently

123

AEFFA/BRUMAN PROPOSAL 2

Blanket Certification

- Supervisor – First Hand Knowledge
- Single Cost Objective

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AEFFA/BRUMAN PROPOSAL 3

Official Record of Employee Activities

- Job description or schedule – clearly identifies assignment
- Single Cost Objective – no additional documentation
- Multiple Cost Objective – employee or supervisor certifies
- Oversight – Internal Control

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AEFFA/BRUMAN PROPOSAL 4

Online: check the box; or

Email submission; or

Electronic timesheets

Internal Control oversight

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AEFFA/BRUMAN PROPOSAL 5

Roll up

127

AEFFA/BRUMAN PROPOSAL 6

- Allocation based on task not time
  - Examples:
    - Student counts
    - Accountant – transactions
- Update: Frances Outland, Director of ED/Indirect Cost Group (December 20, 2016 email)
  - Finalizing response through ED clearance process
  - Requested AEFFA delivery information for response

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Time and Effort
Helpful Questions to Ask

- How do you document time and effort?
  - Employees that work on one cost objective?
  - Employees that work on multiple cost objectives?
- Who must sign the forms?
- Where are the forms turned in?
- What is the process for reconciliations?

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VII. Written Compensation Policies

1. Payroll and Time Distribution

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Record Retention

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Record Retention

- Uniform Grant Guidance §§ 200.333, 200.335
- Statute of Limitations
  - EDGAR - 3 years BUT
  - GEPA - 5 years statute of limitations
- State Policy
- Agency Policy

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Record Requirements

- Accounting Records § 200.302(b)(3)
- Property Records § 200.313(d)(1)
- Procurement Records § 200.318(i)
- Allowability requirement – adequately documented § 200.404(g)
- Records related to grant funds, compliance, and performance
  - §§ 75.730, 75.731, and 75.732
  - §§ 76.730 and 76.731

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Record Storage

- When original records are electronic and cannot be altered, <u>there is no need to create and retain paper copies.</u>
- When original records are paper, electronic versions may be substituted through the use of duplication or other forms of electronic media provided they:
  - Are subject to periodic quality control reviews,
  - Provide reasonable safeguards against alteration; and
  - Remain readable.

2 C.F.R. § 200.335

134

Best Practices

- Describe method for:
  - Collection of records
  - Storage of records
  - Disposition of records

135

Record Keeping
Helpful Questions to Ask

- What kind of documentation must be maintained?
- How long must records be maintained?
- How are records maintained?
  - Hard copy, electronic

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SAMPLE

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VIII. Record Keeping
1. Record Retention
2. Collection and Transmission of Records
3. Access to Records
4. Privacy
   - Personally Identifiable Information (PII)
   - Family Educational Rights and Privacy Act (FERPA)

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Monitoring

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Monitoring

- Monitoring of Agency
- Monitoring of Subrecipients
- Risk-Based Factors
- Onsite Reviews
- Remote Monitorings
- Desk Reviews
- Self-Assessments
- Follow-Up

139

Monitoring and Reporting Program Performance § 200.328

NEW: Monitoring by the "Pass Through"

- Monitor to assure compliance with applicable federal requirements, and performance expectations are achieved
- Must cover each program, function or activity (*see also § 200.331*)
- Must submit "performance reports" at least annually

140

Requirements for Pass-Through Entities § 200.331

- NEW: Depending on assessment of risk, the following monitoring tools may be useful for the pass-through entity to ensure proper accountability and compliance with program requirements and achievement of performance goals:
  1. Training + technical assistance on program-related matters
  2. On-site reviews
  3. Arranging for "agreed-upon-procedures" engagements (described in § 200.425)

Best Practices

- Risk-based monitoring system
- Common factors:
  - Amount of grant
  - Timeliness of reports
  - Staff transitions
  - History with grants
  - Recent audit findings

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Best Practices

- Process for monitoring subrecipients
  - From notification to issuing report and timeline
  - Site visits, desk reviews, self-assessments
  - Fiscal and Programmatic reviews
- Ensure findings are resolved
  - Corrective action plan, closeout letter, future monitoring

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Monitoring
Helpful Questions to Ask

- Process for when agency is monitored?
  - Notification, preparation, Responding, Follow-Up
- Process for monitoring subrecipients?
  - From notification to issuing report and timeline
- Who is responsible for monitoring? Fiscal? Programmatic?
- What gets monitored?

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Monitoring
Helpful Questions to Ask

- How do you determine which subrecipients will be monitored?
  - Risk-Based
- How often does monitoring occur?
  - Site visits, desk reviews, self-assessments
- How do you ensure findings are resolved?
  - Corrective action plan, Closeout letter, Future monitoring

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IX. Monitoring
1. Notice of Monitoring
2. Preparing for Monitoring
3. Monitoring Visit
4. Monitoring Follow-Up

Include different monitoring methods (e.g., desk review)

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Audit Resolution

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Audit Resolution

- Single Audit
- EDGAR, Subpart F
- Resolution of Findings
- Review of Subrecipients' Single Audits

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Audit Resolution
Helpful Questions to Ask

- Who is responsible for overseeing single audit compliance and resolution?
- What is the audit process?
- How are findings resolved?
  - Correct Action Plan, Timeline
- Process for reviewing subrecipients' single audits?

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X. Audits
   1. Audit Process
   2. Audit Resolution

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Programmatic Fiscal Requirements

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Programmatic Fiscal Requirements

- Supplement Not Supplant
- Maintenance of Effort
- Matching and Cost Sharing
- Hold Harmless

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Best Practices

- Describe requirement and how the agency complies with the requirement

Programmatic Fiscal Requirements

- How do you ensure compliance with programmatic fiscal requirements?
- What documentation is required to be maintained?

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XI. Programmatic Fiscal Requirements
1. Supplement Not Supplant
2. Maintenance of Effort
3. Matching
4. Hold Harmless

Include Requirements Applicable to Program

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Programmatic Requirements

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Programmatic Requirements

- Programmatic Compliance
  - Allocations to subrecipients
  - Allowable costs under the grant program
  - Other

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Programmatic Requirements Helpful Questions to Ask

- How does your agency ensure compliance with the specific requirements of the grant program?
- What resources are available to program staff to help ensure compliance?

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XII. Programmatic Requirements
1. Allocations
2. Allowable costs under the specific program

Include Requirements Applicable to Program

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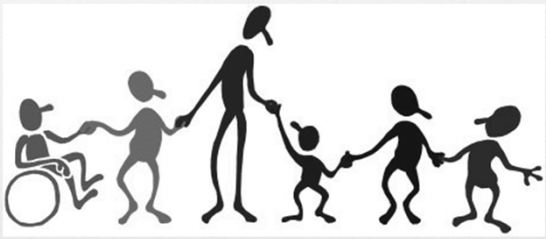
Notice of Nondiscrimination



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OCR Notice of Nondiscrimination

- Title VI, Title IX, Section 504, the Age Discrimination Act, the Boy Scouts of America Equal Access Act and Title II, all require recipients to issue, publish and disseminate a notice of nondiscrimination
- ED/OCR has provided the following sample notice:

The (Name of Recipient) does not discriminate on the basis of race, color, national origin, sex, disability, or age in its programs and activities and provides equal access to the Boy Scouts and other designated youth groups. The following person (s) has been designated to handle inquiries regarding the non-discrimination policies:

Name and/or Title
Address
Telephone No.

Cite: http://www2.ed.gov/about/offices/list/ocr/docs/nondisc.html

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OCR Grievance Procedures

- All recipients of federal funds must have effective procedures in place to address civil rights complaints and grievances
- Federal law requires that such procedures be established, published and disseminated under --
  - Title IX, Section 504, the ADA and the Age Discrimination Act
  - *See* 34 CFR § §106.8, 104.7, 110.25; and 28 CFR § 35.107
- Can reference location of existing grievance procedures or provide link to grievance procedures if posted online

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SAMPLE

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XIII. Notice of Nondiscrimination
1. Notice of Nondiscrimination
2. Grievance Procedures

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Frequently Asked Questions

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Frequently Asked Questions

- May provide FAQ section of frequently asked questions
- For example:
  - What documentation must I keep when traveling on business in order to be reimbursed?
  - Can I be reimbursed for tips to taxi drivers or waiters/waitresses when traveling on business?
  - What items may I accept from a vendor? Is there a price limit?

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XIII. Frequently Asked Questions

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SAMPLE

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XIV. Legal Authorities and Helpful Resources

XV. Appendix

- Examples:
  - MOAs/MOUs
  - Sample monitoring instrument

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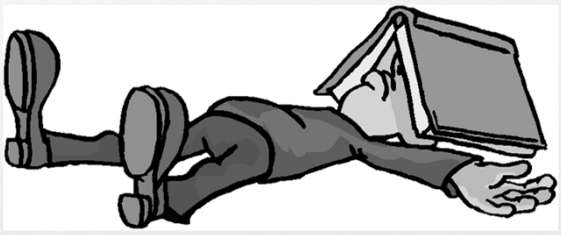
After policies and procedures are done . . .



NOW WHAT!?!

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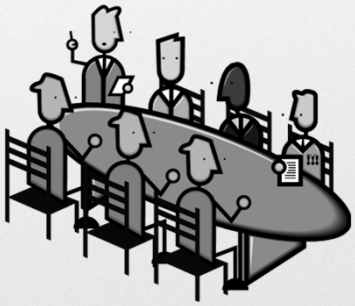
Now What!?!

- Training
- Review and revise
- Where are policies and procedures located?



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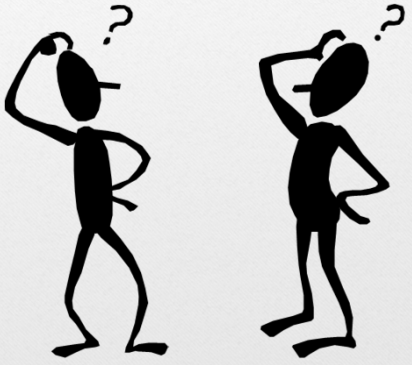
QUESTIONS?



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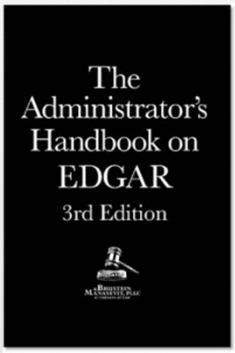

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