

FISCAL MANAGEMENT OF FEDERAL FUNDS FOR INDEPENDENT CHARTER SCHOOLS

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2016 Federal Funding Conference

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OTHER UGG RELATED SESSIONS DURING THE 2016 FEDERAL FUNDING CONFERENCE

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<http://dpi.wi.gov/wisegrants/federal-funding-conference>

- Internal Controls, Policies, and Written Procedures – Kathy Guralski
- Allowable Costs Under UGG – Shelly Babler and Rachel Zellmer
- Property and Procurement (NEED LINK) – Rachel Zellmer

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Uniform Grant Guidance (UGG)

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- 2 CFR Part 200
- Establishes requirements that apply to all Federal grants
- Streamlines the Office of Management and Budget (OMB) Circulars into one, comprehensive policy guide
- Effective for the Federal grants awarded beginning with the 2015-16 fiscal school year
 - Additional requirements may be imposed by Federal granting agencies, pass-through agencies, and/or grant specific terms.

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§200.302 **Financial Management** **(a)**

Financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions

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§200.302

Financial Management

(a)

The sub-recipient's financial management system must be sufficient to trace funds to a level of expenditures adequate to establish that such funds have been used in accordance with Federal statutes, regulations, and the terms and conditions of the Federal award.

- Must track federal funds separately by grant program

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§200.302

Financial Management

(b)(1)

The sub-recipient's financial management system must:

- Identify, in its accounts, all Federal awards received and expended, by Federal program. This identification must include CFDA title and number, Federal award identification number and year, name of the Federal agency, and name of the pass-through entity

Tracking or Crosswalking Expenditures

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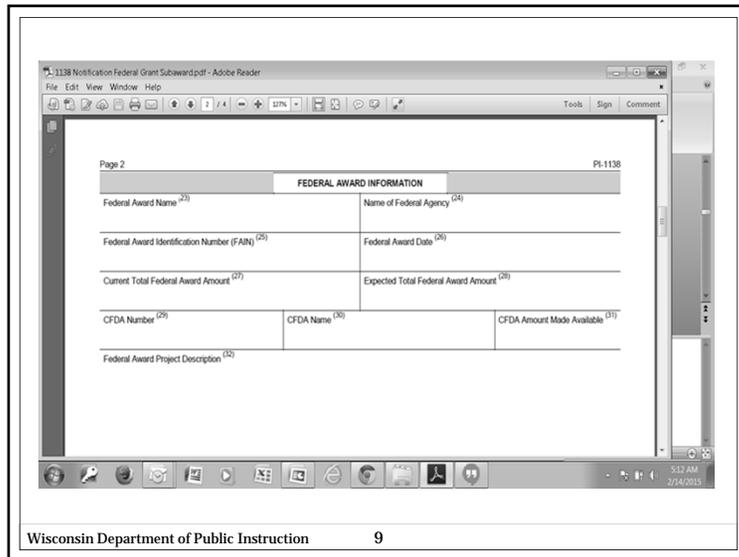
- Wisconsin Uniform Financial Accounting Requirements (WUFAR)
- Subrecipients are not required to use as an accounting system, but are required to use in reporting to DPI
 - Object
 - ✦ Service or commodity acquired
 - ✦ Salaries, fringe benefits, purchased services, non-capital objects, capital objects, insurance and judgments
 - Function
 - ✦ Purpose for which an object is used
 - ✦ Instruction, support services
 - Project
 - ✦ Identify the activity
 - ✦ IDEA, Title I, state special education aid, USDA food programs

Grant File

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Notification of subaward will include:

- | | |
|--|---|
| <ul style="list-style-type: none"> • CFDA title and number • Federal award identification number and year • Name of the Federal agency • Name of the pass-through entity | <ul style="list-style-type: none"> • All grants from DPI will have a notification of subaward • Keep the subaward for audit or monitoring |
|--|---|



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§200.302

Financial Management

(b)(3)

The sub-recipient's financial management system must:

- Have records that identify adequately the source and application of funds for federal-funded activities
- Records that contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation.

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§200.302

Financial Management

(b)(2)

The sub-recipient's financial management system must:

- Contain accurate, current and complete information to support financial results of each Federal award or program

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Grant File/Accounting System

Records show:

- Amount of funds awarded under the grant
- How the funds will be used
- Funds spent
- Funds received
- Remaining funds not yet used
- Total cost of the project/program
- Share of the cost provided from other sources
- Allocation of cost

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Accounting Records

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- Common errors
 - LEA does not create an accounting record for each grant and post expenditures to that account. Rather the LEA just identifies expenditures for grant reimbursement
 - Expenditures are originally reported to a general account and later reclassified
 - Accounting records do not integrate and track against the grant's approved budget
 - Accounting record cannot be used for budget control when expenditures are not posted to the grant as they occur and when they are not tracked against an approved budget

Internal Control

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- Internal controls that separate duties from being performed by one individual and strengthen accountability for all cash activity
 - No one person should be able to both authorize a transaction and record the transaction in the accounting record
- Controls over processing of cash receipts, disbursements and payroll

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§200.302

Financial Management

(b)(4)

The sub-recipient's financial management system must:

- Have effective control over, and accountability for, all funds, property and other assets

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§200.302

Financial Management

(b)(4)

The sub-recipient's financial management system must:

Adequately safeguard all assets and assure that they are used solely for authorized purposes

- Computers
- iPads
- Instructional materials
- SMART boards
- Supplies

Procedures / Safeguarding Assets

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Identify

- How the property purchased with federal funds will be tracked (location / disposal)
- How staff using the property are informed of the purpose
- How property will be safeguarded; and handled in cases of damage or theft

Be able to answer these questions

- 1) Where is it?
- 2) How is it being used to meet the program goals?
- 3) If no longer used by the program, why not?

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Budget Control

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- Grant funds cannot be expended on an activity until that activity has been approved
- When grant is awarded, LEA has authority to fund the activities at the amounts approved in the application
- Claims, even though “rolled up,” must align with detailed budget

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§200.302

Financial Management

(b)(5)

The sub-recipient’s financial management system must:

- Be able to compare expenditures with approved grant budgeted amounts

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Budget Control

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- Accounting records should have budget lines for each general area of planned expenditures
- Provision to track expenditures and available balances against each budget line
- Post expenditures as they occur directly to the appropriate budget line within the grant’s accounting record
- Whenever changes are planned, review whether an amendment is required and obtain approval for proposed changes before expenditures are made

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Budget Control

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- During the year, funding strategies may change for a variety of reasons
- Approval shall be obtained whenever any of the following changes is anticipated under a non-construction award:
 - Revision which would result in the need for additional funding
 - Cumulative transfers among direct cost categories, or among separately budgeted programs, projects, functions, or activities which exceed or are expected to exceed ten percent of the current total approved budget

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CASH MANAGEMENT

§200.302

Financial Management

(b)(6)

The sub-recipient's financial management system must have:

- Written procedures regarding cash management and claiming of federal funds (payments)

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CASH MANAGEMENT

§200.302

Financial Management

(b)(6)

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WRITTEN PROCEDURES RESOURCES

- DPI UGG Resources
 - <http://dpi.wi.gov/wisegrants/uniform-grant-guidance>
- WASBO Federal Funds Procedural Manual
 - http://www.wasbo.com/WASBO/Resources/Federal_Funds_Procedural_Manual.aspx
- Code of Federal Regulations – UGG – 2 CFR 200
 - http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl

UGG REQUIRED WRITTEN PROCEDURES

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- Cash Management - §200.302(b)(6)
 - Including claiming grant funds (payments) - §200.305
- Allowability of Costs - §200.302(b)(7)
 - Including Compensation (and Time and Effort) - §200.430-.431
- Procurement §200.318-.326
 - Including specifically Conflict of Interest - §200.318(c)
- Equipment Management Requirements - §200.313
- Should have written procedures for all activities that are considered key to the operations of the entity

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WRITTEN PROCEDURES

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- Should ensure appropriate individuals are involved in the process
- Should ensure appropriate segregation of duties, monitoring, verification, and reporting
- Should be reviewed and updated frequently
- Are critical when there is staff turnover and to adequately train new staff

WRITTEN PROCEDURES

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- Are required by the UGG for internal controls related to federal grants
- Are typically a detailed step by step guide of how a procedure is performed
- Should establish who is responsible for which steps

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CASH MANAGEMENT

§200.302

Financial Management

(b)(6)

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§200.302**Financial
Management****(b)(5)(6)(7)**

The sub-recipient must:

- Be able to match expenditures with approved grant budgeted amounts
 - If it is not approved on the budget, it is not an allowed cost – even if it would be if it was on the budget
 - Claims, even though “rolled up,” must align with detailed budget
- Comply with the payment requirements in §200.305

ALLOWABILITY OF COSTS

Required written procedures must address how the subrecipient is ensuring that costs on the federal grant, and ultimately claimed, are allowed under the individual Federal program *and* in accordance with the cost principles established in the Uniform Grant Guidance

- This includes how charges made to the grant for personnel are determined (time and effort) §200.430-.431

§200.302**Financial
Management****(b)(7)****ALLOWABILITY OF COSTS**

Written procedures for determining the allowability of costs prior to claiming grant fund

**Factors
affecting
allowability
of costs**

- Cost principles (Uniform Grant Guidance)
- Cross cutting federal statutes/regulations
 - ✦ EDGAR
- Program statute and regulations
 - ✦ IDEA, ESEA, etc.
- Terms and conditions of the federal award
 - ✦ Grant award
- Other governing regulations
 - ✦ State statutes
 - ✦ Entity policies

**CONFORM TO LIMITATIONS OR EXCLUSIONS
2 CFR §200.403(b)**

§200.318**General
Procurement
Standards**

The subrecipient must use its own documented procurement procedures which reflect applicable State and local regulations, provided that the procurements conform to applicable Federal laws and the Uniform Grant Guidance

CONFLICT OF INTEREST**§200.318****General
Procurement
Standards****(c)(1)**

The LEA must maintain written standards of conduct covering conflict of interest and governing the actions of its employees engaged in the selection, award and administration of contracts

PROCUREMENT TRANSACTIONS

The subrecipient must use its own documented procurement procedures which reflect applicable State and local regulations, provided that the procurements conform to applicable Federal laws and the Uniform Grant Guidance

All procurement transactions must be conducted in a manner providing full and open competition

- The subrecipient must have written procedures regarding solicitations to ensure this requirement is met

Conflict of Interest (§200.318(c)(1))

These written standards must include that:

- No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest

Management of Equipment

§200.313

Equipment (d)

The Uniform Grant Guidance identifies the procedures for managing equipment purchased in whole or in part with Federal funds

Requested Written Procedures

- Likely to be requested by your auditors
- May be requested by DPI
 - When there is non-compliance or suspected non-compliance regarding Federal grant funds
 - Single audit findings
- Corrective Actions
 - Create/update written procedures to be in compliance
 - Train staff on procedures
 - ✦ Funds may be withheld until corrective action has been implemented and reviewed by DPI

WRITTEN PROCEDURES RESOURCES

- DPI UGG Resources
 - <http://dpi.wi.gov/wisegrants/uniform-grant-guidance>
- WASBO Federal Funds Procedural Manual
 - http://www.wasbo.com/WASBO/Resources/Federal_Funds_Procedural_Manual.aspx
- Code of Federal Regulations – UGG – 2 CFR 200
 - http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl

Teacher and Administrator Licensing

- Teacher and Administrator licensing and educational requirements for:
 - State Special Education funding
 - IDEA
 - Title programs
- Ensure all individuals have the appropriate licensing and educational requirements for the funding sources they are being claimed on
- Ensure licenses are renewed before expiration
- A lack of appropriate license and expired licenses have resulted in the required return of state and federal funds

USDE Dear Colleague Letter

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- DPI forwarded to charter school contacts on Nov 23, 2015
- USDE letter to all State Educational Agencies (SEAs) regarding charter schools
 - <http://www2.ed.gov/programs/charter/finalsignedcsp.pdf>
- Emphasizes SEAs role in helping ensure that Federal funds (CSP, IDEA, Title, etc.) to charter schools are used for intended and appropriate purposes.
 - Operational Oversight

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Wisconsin Charter Law Changes

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- Wisconsin Act 55 changes summary:
 - <http://dpi.wi.gov/sites/default/files/imce/sms/doc/cs-law-changes.doc>
- School admission random selection requirements
- New 2r charter authorizer requirements
- New governance board requirements
- New charter school authorizers (2r and 2x)
- 2rs now eligible for state pupil transportation aid
- New indexing for 2r charter state per pupil aid

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USDE Dear Colleague Letter

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- USDE emphasized areas:
 - Operational Oversight- audits, governing board conflicts of interest, related party transactions, segregation of duties, CMO and EMO management services and costs
 - CMO/EMO relationship transparency- transparency and oversight of relationships, conflicts of interest
 - Authorizer Practices- State laws regarding authorizer practices, sanctions or revocation of authority, monitoring and evaluating charter authorizers, authorizer accountability
 - Civil rights responsibilities and resolving discrimination complaints

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DPI Charter Schools Contacts

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Questions?

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