

# **GRANTEE FISCAL OVERSIGHT RESPONSIBILITIES OVERVIEW**

## **RACE TO THE TOP – DISTRICT**

**U.S. Department Of Education  
Implementation and Support Unit**

**January 23, 2013**



# Agenda

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1. Regulatory requirements and grant conditions for Race to the Top – District fiscal oversight
2. Components of Race to the Top – District fiscal oversight
3. Implementation tips for Race to the Top – District fiscal oversight
4. Reporting
5. Next steps and reminders
6. Questions
7. Resources

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## **Regulatory Requirements and Grant Conditions for Race to the Top - District Fiscal Oversight**

# Race to the Top – District Program Specific Grant Conditions and Regulatory Requirements

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- Grant Award Notification (GAN)
- Race to the Top – District Specific Grant Conditions
  - Attachment T
- Current Version of EDGAR
  - Education Department General Administrative Regulations
  - <http://www2.ed.gov/policy/fund/reg/edgarReg/edgar.pdf>

# Regulatory Requirements for Race to the Top – District Fiscal Oversight

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- Education Department General Administrative Regulations (EDGAR) parts 75 & 80
- OMB Circulars apply, including
  - A-87: Cost Principles for State, Local, and Indian Tribal Governments
  - A-102: Grants and Cooperative Agreements With State and Local Governments
  - A-133: Audits of States, Local Governments, and Non-Profit Organizations
  - [http://www.whitehouse.gov/omb/circulars\\_default](http://www.whitehouse.gov/omb/circulars_default)

# Components of Race to the Top - District Fiscal Oversight

## Three components:

- Use of funds: allowability, allocability, reasonableness
- Tracking of funds
- Timing and release of funds

# Use of funds

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- ❑ Applicable OMB cost principles, agency program regulations, and the terms of grant and subgrant agreements will be followed in determining the **allowability, allocability** and **reasonableness** of costs
- ❑ Reference guides:
  - Attachment T of the Grant Conditions
  - Department-approved application, Scope of Work, and Budget
  - Authorizing statute
  - OMB Circular A-87 and EDGAR chapter 80

# Use of funds: Allowability

Allowable costs are costs incurred by a grantee that are:

- ❑ Necessary for the performance of the award;
- ❑ Conforms with any limitations or exclusions set forth in the Federal cost principles;
- ❑ Consistent with the grantee's policies and procedures that apply uniformly to both Federally-financed and other activities of your LEA;
- ❑ Determined in accordance with generally-accepted accounting principles; and
- ❑ Not included as a cost in any other Federally-financed grant (unless specifically authorized by statute).

# Allowability: Pre-Award Costs

- You may use Race to the Top – District funds to pay for pre-award costs
  - Grantees are eligible to be reimbursed for pre-award costs from the date their award is announced, December 16, 2012.
  - All pre-award costs are incurred at the grantee's risk (i.e., the Secretary will not reimburse costs that are unallowable, unreasonable, or otherwise ineligible according to the Department's applicable regulations and/or OMB cost principles).

# Use of funds: Allocability

- An allocable cost is a cost that can be traced to specific activities of the grant project
  - “A cost is allocable to a particular cost objective if the goods or services involved are chargeable or assignable to such cost objective in accordance with relative benefits received.” (OMB Circular A-87)
  - An LEA must create mechanisms to ensure that its and its vendor’s expenditures align to the plan.
  - Indirect costs are allocated based on approved agreements.

# Use of funds: Reasonableness

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- “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” (OMB Circular A-87)
- The Grantee will ensure that all Grant costs incurred using grant funds are necessary and reasonable. (Attachment T, condition I)

# Tracking of Funds

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- Minimum requirement: Track revenue *and* expenditures by CFDA number
  - 84.416A for Race to the Top – District
- Source documentation may include cancelled checks, paid bills, payroll records, time and effort records, and contract documents
- “The Grantee will not commingle Race to the Top-District grant funds with other funds under control of the Grantee, even if such other funds are used for similar purposes.” (Attachment T, condition I)

# Timing and Release of Funds

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- Options: **reimbursement**, cash advance, working capital advances\*
- All G5 draws must be based on immediate need, and LEAs should:
  - Request funds *after* a vendor submits a request
  - Minimize time between transfer of funds and disbursement by recipient (**3-5 days**)
- See Race to the Top - District Grant Conditions Attachment T, condition J

\*with prior U.S. Department of Education approval

# Fiscal System and Policy Requirements

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- LEAs must have internal controls to:
  - Connect G5 draws to release of funds to vendors and promptly collect evidence of expenditures
  - Track times and dates
    - Clock starts with revenue in
    - Clock ends with expenditure out

# Fiscal System and Policy Requirements

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- You must return any interest earned on cash advances of grant funds in excess of \$100 each year to the Department.
  - Remit interest promptly, and at least quarterly to:
    - U.S. Department of Education
    - P.O. Box 979053
    - St. Louis, MO 63197-9000
  - The remittance should be accompanied by a letter stating that the remittance is for “interest earned on Federal funds” and should include the DUNS number. (Grant Condition Enclosure 4)

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# **Implementation Tips for Race to the Top - District Fiscal Oversight**

# G5 Payments Module

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## Grant Conditions Attachment A

- Set-up grant account for drawdowns
- View payment requests
- View available balances
- View and print activity reports
- View account balances report
- G5 Help Desk Hours:
  - 8:00am-6:00pm EST, Monday-Friday, except holidays
  - <https://www.g5.gov> or (888)336-8930 or email [edcaps.user@ed.gov](mailto:edcaps.user@ed.gov)

# Fiscal Management Requirements

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- Grant Conditions Enclosure 1 and Attachment T
  - Maintain proper stewardship of taxpayer dollars
  - Maintain effective internal controls and fund accountability procedures
  - Ensure allowability of costs
  - Expend funds only on activities consistent with your approved application and Scope of Work, and only during the approved project period
  - Follow principles of cost for local governments (OMB Circular A-87)
  - Follow procurement standards (34 CFR 80.36)

# Time and Effort Reporting

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- In all cases, payments of any type of personnel must be supported by complete and accurate record-keeping of time and effort.
- Specifically, how must an LEA support compensation for personnel services?
  - OMB Circular A-87
  - 100% FTE – Semi-annual certifications;
  - Part-time staff – monthly, after-the-fact, personnel activity reports (PARs) accounting for total compensated time in all activities.

# Audit Requirements

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## Grant Conditions: Attachments C, T and Enclosure 1

- A-133 audit required for grantees spending \$500,000 or more in Federal funds in a fiscal year:
  - Submit audit to the Federal Audit Clearinghouse
  - Review Attachment T, conditions J and K, of your GAN
  - Review OMB Circular A-133 and Attachment C of your GAN
  - OMB Circulars can be accessed at:  
<http://www.whitehouse.gov/omb/circulars/>

# Record-Keeping

- The Department may review records on site visits, during audits, or during other monitoring activities.
- Grantees must keep records for three (3) years after submission of all required reports (end of grant).

# Indirect Costs

- Draw down indirect costs only if included in your approved budget and only if covered by a current indirect cost rate agreement.
- You may not charge anything to direct costs that is included in your indirect cost rate agreement.
- If you do not have an indirect cost rate agreement:
  - You must submit an indirect cost rate proposal to your State within 90 days of the award date.
  - You are limited to drawing down 10% of direct salaries until a rate is formally established.
  - When a rate is formally established, you may only recover indirect costs on or after the date of your proposal or the new award date (whichever is later).
  - If your newly established rate is higher than the temporary rate approved in your application, you must get approval from your program officer in order to shift direct costs to indirect costs.

# Fiscal Oversight Lessons Learned

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- Publications: Per EDGAR 75.620, publications require an attribution statement. The grantee shall ensure that any publication that contains project materials also contains the following statements:
  - *The contents of this (insert type of publication e.g., book, report, film) were developed under a grant from the Department of Education. However, those contents do not necessarily represent the policy of the Department of Education, and you should not assume endorsement by the Federal Government.*

# Fiscal Oversight Lessons Learned

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- **Equipment: use, management, disposition**
  - **Equipment** means tangible, nonexpendable personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit. A grantee may use its own definition of equipment provided that such definition would at least include all equipment defined above. (EDGAR 34 CFR 80.3)
  - **Supplies** means all tangible personal property other than equipment as defined in this part. (EDGAR 34 CFR 80.3)
- **See 34 CFR 80.32 for more information on equipment**

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# Reporting

# Reporting

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- Federal Funding Accountability and Transparency Act (FFATA) of 2006
  - Applies to all grants awarded by the Department on or after October 1, 2010
  - The reported information will be available to the public on [www.USAspending.gov](http://www.USAspending.gov)

# Reporting

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- Prime grant recipients (the LEA or fiscal lead LEA for Race to the Top - District) are required to file a report via the FFATA Sub-Award Reporting System (FSRS)
  - A vendor contract above \$25,000 is considered a sub-award and subject to FFATA reporting.
  - Reports must be filed by the end of the month following the month in which the LEA makes a sub-award greater than or equal to \$25,000.
  - Additional reports must be filed if changes are made to the original sub-award amount.

# Reporting

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- Information that must be reported under FFATA
  - The following data about sub-awards greater than or equal to \$25,000:

Name of entity receiving award	Program source
Amount of award	Location of the entity (including congressional district)
Funding agency	Place of performance (including congressional district)
CFDA program number for grants	Unique identifier of the entity and its parent entity

Total compensation and names of the top five executives of the contracted vendor if:

- More than 80% of annual gross revenues are from the Federal government, and those revenues are greater than \$25 million annually and
- Compensation information is not already available through reporting to the SEC

# Reporting

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- Exemptions to information that must be reported under FFATA:
  - Classified information
  - Contracts with individuals
  
- Definitions for data elements may be at the data dictionaries maintained on [www.USAspending.gov](http://www.USAspending.gov)

# Reporting

- Prime awardees *are required* to register in the System for Award Management (SAM) at [www.SAM.gov](http://www.SAM.gov).
  - Please visit [www.fsrs.gov](http://www.fsrs.gov) and follow the “awardees” link at the top of the page to register as an awardee
- Additional information is on the FSRS website at: [www.fsrs.gov](http://www.fsrs.gov), which includes links to FFATA FAQs and the Office of Management and Budget Guidance on FFATA
- If you have specific questions about FFATA reporting, please contact Jim Butler or Meredith Farace.

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## Next Steps & Reminders

# Next Steps & Reminders

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- February 7, 2:00-4:00pm EST: Webinar on Race to the Top – District Scopes of Work
  - More information and a registration email is coming soon.
- March 1: Race to the Top – District Kick-Off Convening in Washington, DC
- April 8: Race to the Top – District Scopes of Work are due
- Race to the Top – District Annual Performance Report will be available for public comment soon

## Questions?

If you have additional questions after the webinar, please email Jim Butler, Meredith Farace, [racetothetop.district@ed.gov](mailto:racetothetop.district@ed.gov), or call (202)453-6800.

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# **Resources**

# Resources

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- Your GAN and Grant Conditions
- EDGAR <http://www2.ed.gov/policy/fund/reg/edgarReg/edgar.html>
- ED Memos <http://www2.ed.gov/policy/fund/guid/gposbul/gposbul.html>
- Race to the Top – District Program  
<http://www2.ed.gov/programs/racetothetop-district/index.html>
- White House OMB Circulars  
[http://www.whitehouse.gov/omb/circulars\\_default](http://www.whitehouse.gov/omb/circulars_default)
  - See specific OMB Circular links on the following slide
- FFATA [www.fsrs.gov](http://www.fsrs.gov), [www.USAspending.gov](http://www.USAspending.gov)
- Once assigned, your program officer

# Resources: OMB Circulars

- [OMB Circular A-87](#) - Cost Principles for State, Local, and Indian Tribal Governments
- [OMB Circular A-102](#) - Grants and Cooperative Agreements With State and Local Governments
- [OMB Circular A-133](#) - Audits of States, Local Governments, and Non-Profit Organizations