



Grants 101

Florida School Finance Officers Association

June, 2016



www.FLDOE.org

Slide 1

Grant vs. Project/Subgrant

- Be cautious of references to the term “Grant.”
- When used in federal Uniform Grant Guidance (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 funds to other entities.



Basic Elements

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.



Fiscal Management

Financial Management System

Written Procedures:

- Identification of Federal Awards
- Financial Reporting
- Accounting Records
- Internal Controls
- Budget Controls
- Implementing CMIA*
- 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

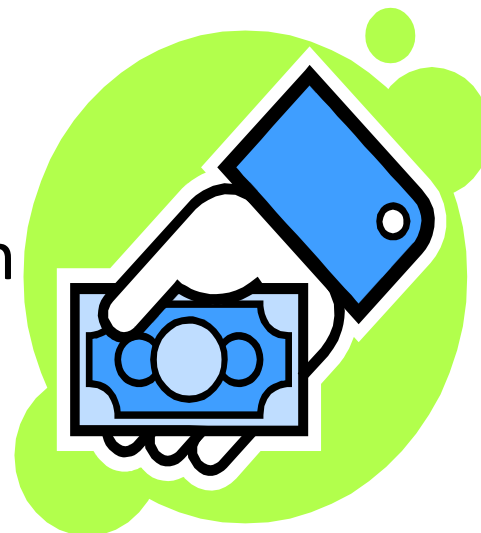


Obligations (cont.)

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

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

New Standards for Documentation of Personnel Expenses. Charges for salaries:

- Must be based on records that accurately reflect the work performed.
- Must be supported by a system of internal controls which provides reasonable assurance charged are accurate, allowable and properly allocated.
- Must be incorporated into official records.
- Not to exceed 100%.

Time and Effort Documentation

Salary Charges:

- Must reasonably reflect total activity for which employee is compensated.
- Must encompass all activities (federal and non-federal).
- Must comply with established accounting polices and practices.
- Must support distribution among specific activities or cost objectives.

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.

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.



FDOE Processes

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

Fiscal and Program Accountability

Types of Disbursement

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

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.

DOE 100 A – Project Application

- New category added to capture the Data Universal Numbering System (DUNS) # & Employer Identification Number (EIN) #
 - Applicants must now 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)
- New Certification Statement required.

Application Certification Language

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.

General Assurances, Terms, and Conditions

- “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.

Risk Analysis Tool – DOE Form 610

School Districts, State Colleges, State Universities, and Florida State Agencies

- Organizational charts and agency's Board approved policies and procedures.
- Changes in senior management and/or changed internal systems
- Results of any direct Federal monitoring
- Written policies and procedures must be submitted.
- Single audit results

Review of Risk Posed by Applicants

The pass-through entity (FDOE) must have a framework for evaluating risks before any applicant receives funding. The framework should evaluate:

- Financial Stability
- Quality of Management System
- History of Performance
- Audit Reports
- Applicant's Ability to Effectively Implement Program

Special Conditions

Results of the Risk Assessment may be cause for Special Conditions to be placed upon an award to include, but not limited to the following:

- Require reimbursement;
- Withhold funds until evidence of acceptable performance;
- More detailed reporting;
- Additional monitoring;
- Require subgrantee/subrecipient to obtain technical or management assistance; or
- Establish additional prior approvals.

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.



FAQ's

Does Equipment Become “Supplies?”

No.

Object codes as specified in the Red Book will not change:

- 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

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

There is no specification of a 10% change in budget lines requiring an amendment. Need for an amendment is based on the types of changes rather than the amount of the change. See Section B of the Green Book.

Prior Approval of Amendment Required

- New - Additional criterion: Disengagement of the project director – if the **position** responsible for managing/overseeing the project award is disengaged from the project for more than three months, or if there is a 25% reduction in time devoted to the project.
- Changes in:
 - Scope, goals, or objectives
 - Project evaluation scope
 - Deliverables or work tasks
 - Key personnel
 - Contracted services

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.”



Resources

Useful Websites

- DOE Grants Management website (Green Book, fiscal training)

<http://www.fldoe.org/finance/contracts-grants-procurement/grants-management>.

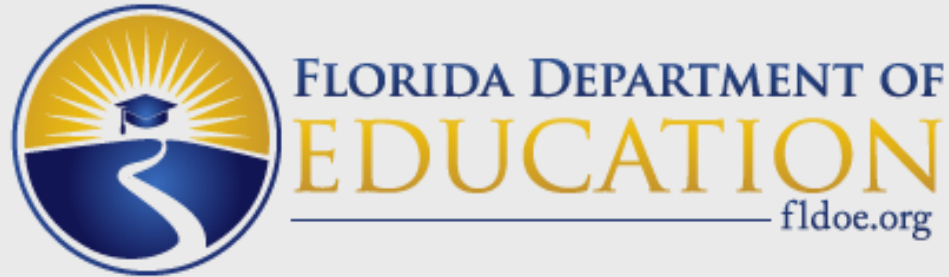
- U.S. Department of Education website devoted to technical assistance for grantees (regulations, FAQs, training resources)

<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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