



New Federal Program Director's Meeting Uniform Grant Guidance and EDGAR Workshop

Make 'em say UGG!!!!

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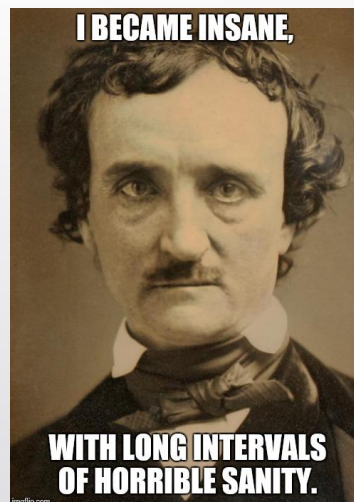
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What Is EDGAR?

**Education Department General
Administrative Regulations**

<https://www2.ed.gov/policy/fund/reg/edgarReg/edgar.html>



EDGAR and the UGG

- The Education Department General Administrative Regulations (EDGAR) includes various grants management rules applicable to all federal awards issued by the U.S. Department of Education (ED).
- The Uniform Grant Guidance (UGG) are federal grants management rules that apply to all awards issued by all federal awarding agencies.
 - Created and amended by the Office of Management and Budget (OMB)
- EDGAR incorporated the UGG back in 2014
 - Parts 74 and 80 of EDGAR were replaced with 2 CFR Part 200

Key Sections of EDGAR

- Excerpts from the General Education Provisions Act (GEPA)
- Title 34
 - Part 75 – Direct Grant Programs
 - Part 76 – State-Administered Programs
 - Part 77 – Definitions
 - Part 81 – Enforcement Regulations
- Title 2
 - Part 200 – Cost/Administrative/Audit Rules
 - Part 3485 – Nonprocurement Debarment and Suspension
 - Incorporates 2 CFR Part 180, OMB's Guidelines on Debarment and Suspension

Uniform Grant Guidance

2 CFR Part 200



OMB Revises the UGG – August 2020

- Proposed changes to 2 CFR Part 200
Published January 22, 2020
- Comments closed March 23, 2020
- Final Revisions published August 13, 2020



OMB Revisions to the UGG – Effective Dates

- Effective as of **November 12, 2020**
 - Except for 200.216 and 200.340, effective August 13, 2020
- **200.216**: Prohibition on certain telecommunications and video surveillance services or equipment
 - Prohibits grantees from entering into contracts with certain covered entities
- 200.340: Termination
 - Allows awards to be terminated “if an award no longer effectuates the program goals or agency priorities”
 - Previously: “For cause”

OMB Revisions - Summary

- Procurement Changes to Better Target Areas of Greater Risk and Conform to Statutory Requirements
- Strengthen Merit Review and Improve Governmentwide Approach to Performance and Risk
- Standardize Terminology, Data Elements and Alignment with Other Authoritative Source Requirements
- Emphasize Machine Readable Information Format
- Eliminate References to Non-Authoritative Guidance
- Change Closeout to Reduce Burden and Support the GONE Act
- Expanded Use of De Minimis Rate
- Clarify Areas of Misinterpretation



2 CFR Part 200

- Subpart A – Definitions – **Section Numbers Removed!**
- Subpart B – General Provisions
- Subpart C – Pre- Federal Award Requirements
- Subpart D – Post Federal Award Requirements
- Subpart E – Cost Principles
- Subpart F – Audit Requirements

Financial Management

2 CFR 200.302(b)



Financial Management 200.302

(a) States – follow their own rules!

(b) Everyone else – seven standards.

1. Identification in accounts
2. Financial reporting
3. Accounting records (**financial** obligations)
4. Internal controls, internal controls, internal controls
5. Budget control
6. Written procedures for cash management
7. Written procedures for determining allowability

Internal Controls 200.303

MUST:

- Comply with requirements (**U.S. Constitution**)
- Evaluate and monitor compliance
- Take prompt action to correct noncompliance
- Safeguard personally identifiable information (PII)
- Compliance Supplement, Internal Controls: “Control activities are the policies and procedures that help ensure the management's directives are carried out.”
 - Clearly written and clearly communicated

Federal Payment 200.305(b)

- Written procedures must describe whether non-federal entity uses:

1) Advance Payments

- Limited to minimum amounts needed to meet immediate cash needs
- Subject to cash management requirements

2) Reimbursement

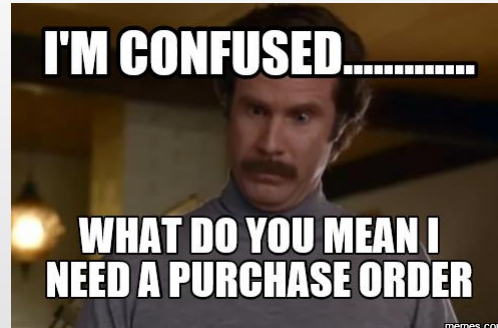
- Pass through must make payment within 30 calendar days after receipt of the billing
- Initial payments made with state/local funds

Cash Management 200.305 (a) and (b)

- For non-federal entities, payments must minimize time elapsing between draw down and disbursement (not obligation)
- Cash advances must be maintained in insured accounts
 - Accounts must be interest bearing unless:
 1. Aggregate federal awards under \$120,000
 2. Account not expected to earn in excess of \$500 per year
 3. Bank require minimum balance so high, that such account not feasible
- Interest earned must be remitted annually to HHS Payment Management System (**updates to this process**)
 - Interest amounts up to \$500 may be retained by non-federal entity for administrative purposes.

Procurement

2 CFR 200.317 – 200.327



Procurement Standards 200.318

- All non-federal entities must have documented procurement procedures which reflect applicable Federal, State, and local laws and regulations.
 - Open and Full Competition (Maximum Extent Possible)
 - Specific Thresholds for Purchasing
 - Prohibited In-State and Local Preferences
 - Contract Administration System
 - Conflict of Interest Rules
 - Mandatory Disclosures

Contract Administration 200.318(b)

- Non-federal entities must maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of the contract

What does contract oversight look like with COVID disruption?

- Considerations
 - Continue paying contractors "to the extent practicable"
 - Check the terms and conditions
 - Changed scope? Changed pay structures?
 - Need amendment?
 - Approvals? E.g., Third-party contractors providing equitable services: Terminate contract? Modify and continue? Consultation requirements?

Conflict of Interest 200.318(c)(1)

- 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
- Organizational Conflict (applies to non-gov entities)

Conflict of Interest 200.318(c)(1) (cont.)

- Must neither solicit nor accept gratuities, favors, or anything of monetary value from contractors / subcontractors.
- However, may set standards for situations in which the financial interest is not substantial, or the gift is an unsolicited item of nominal value.
- Standards of conduct must include disciplinary actions applies for violations.



Conflict of Interest 200.112 Mandatory Disclosures 200.113

- 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.
- Must disclose to federal or pass-through agency “all violation of federal criminal law involving fraud, bribery or gratuity violations potentially affecting the federal award.”

Competition 200.319

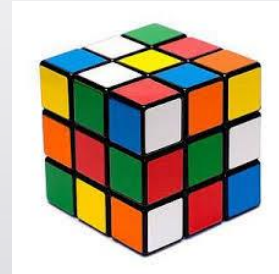
(a) All procurement transactions **for the acquisition of property or services required under a Federal award** must be conducted in a manner providing full and open competition consistent with the standards of this section and §200.320.

...

(f) Noncompetitive procurement can only be awarded in accordance with 200.320(c).

Methods of Procurement 200.320

- Grantee **must have and use documented procurement procedures** for the following methods:
 - (a) Informal procurement methods
 - Micro-purchase
 - Small purchase procedures
 - (b) Formal procurement methods
 - Competitive sealed bids
 - Competitive proposals
 - (c) Noncompetitive proposals



Informal Procurement 200.320(a)

- Use when value does not exceed \$250,000 (simplified acquisition threshold), or a lower threshold established by a non-federal entity
- Procurement of property or services required under federal award
- Purpose: to expedite completion and minimize administrative burden and cost

Informal Procurement, 200.320(a)(1) Micro-purchases

- Distribution. "To the maximum extent practicable, the non-federal entity should distribute ... among qualified suppliers."
- Awards. May be awarded without price or rate quotes if non-federal entity "considers the price to be reasonable **based on research, experience, purchase history or other information and documents its files accordingly.**"

Informal Procurement, 200.320(a)(1) Micro-purchases (cont.)

- Thresholds. Determined and documented by grantee, based on internal controls, risk, and procedures. Authorized by state, local laws. May be higher than threshold in FAR (\$10,000).
 - Nonfederal entity may self-certify threshold up to \$50,000, if:
 - Low-risk auditee for most recent audit (200.520)
 - Annual internal institutional risk assessment to identify, mitigate and manage financial risks; or
 - For public institutions, a higher threshold consistent with state law
 - Over \$50,000, must have approval of cognizant agency indirect costs

Informal Procurement, 200.320(a)(2) Small Purchases

- Used when for purchases greater than micro-purchase threshold, but less than simplified acquisition threshold (\$250,000).
- Price or rate quotations from “adequate number of qualified sources” **as determined appropriate by non-federal entity**
- Thresholds. Established based on internal controls, risk and procedures, and documented. Cannot exceed the threshold in FAR (\$250,000), but may be lowered.

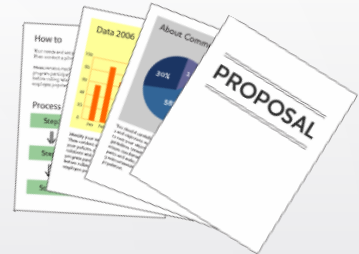
Formal Procurement, 200.320(b)

- Used for purchases that exceed small purchase threshold (\$250,000, or lower, if set by the non-federal entity)
 - Require documented procedures
 - Require public advertising
- Two options:
 - (1) Sealed bids
 - (2) Proposals



Noncompetitive Proposals 200.320(c)

- Appropriate only when:
 - **Micro-purchases**
 - The item is only available from a single source;
 - **There is a public emergency for the requirement that will not permit delay resulting from publicizing a competitive solicitation;**
 - The Federal awarding agency or pass-through expressly authorizes noncompetitive procurement in response to a written request from non-Federal entity; or
 - After soliciting a number of sources, competition is determined inadequate.



With COVID, can we procure items under “public emergency” exception in 200.320(c)(3)?

- Considerations:
 - Policies and procedures
 - Online shopping and quotes
 - **Timeframe required for items**



Domestic Preferences for Procurements 200.322

- “To the greatest extent practicable” must provide a preference for the purchase of goods and materials produced in the U.S.
- Must include this section in all subawards, contracts and purchase orders



Suspension and Debarment, 200.214 2 CFR 180.300

- For contracts over \$25,000 (“covered transaction” 3485.220) you must verify that the person with whom you intend to do business is not excluded or disqualified.
- This MUST be done by either:
 - a. Checking SAM; or
 - b. Collecting a certification from that person; or
 - c. Adding a clause or condition to the covered transaction with that person.

Inventory Management

2 CFR 200.313



Definitions

- Equipment (200.1): Equipment: tangible, non-expendable, personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit.
- Supplies (200.1): All tangible personal property other than equipment
- Computing Devices (200.1): If less than \$5,000, defined as supplies

Internal Controls – 200.302(b)(4)

- Regardless of cost, grantee must maintain effective control and “safeguard all assets and assure that they are used solely for authorized purposes.”

Use of Equipment – 200.313(c)

- Equipment must be used by the Non-Federal entity in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by the Federal award.
- When used it must be shared, provided such use will not interfere with work on the original projects/programs, and it follows this order of priority:
 - First by other ED programs
 - Then open to other federal programs
 - Non-federal programs



Replacement?

- 200.313(c)(4) – May use sale price of old equipment towards purchase price of replacement equipment
 - Calculate new federal share!

Inventory Procedures – 200.313(d)

- Property records
 - Description, serial number or other ID, source of funding, title, acquisition date and cost, percent of federal participation, location, use and condition, and ultimate disposition date including sale price
- Physical inventory at least every two years
- Control system to prevent loss, damage, theft
 - All incident must be investigated
- Adequate maintenance procedures
- If authorized or required to sell property, proper sales procedures to ensure highest possible return.

Disposition – 200.313(c)(1) & (e)

- When no longer needed, may be used in other activities with the following priority:
 - Projects supported by Federal awarding agency
 - Project funded by other Federal agencies
- When property is no longer needed in any current or previously Federally-funded supported activity, must follow disposition rules:
 - Fair market value > \$5,000 = pay federal share back to awarding agency
 - Fair market value of \$5,000 = no money owed back to feds
- Supplies (200.314): Depends on value of residual inventory of unused supplies

Timely Spending



Period of Performance 200.1

The total estimated time interval between the start of an initial Federal award and the planned end date, which may include one or more funded portions, or budget periods. Identification of the period of performance in the Federal award ... does not commit the awarding agency to fund the award beyond the currently approved budget period.



When Obligations Are Made 34 CFR 76.707

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.

When Subgrantees may begin to Obligate funds 34 CFR 76.708

- Formula programs: Later of...
 - Date the state may begin to obligate; or
 - Submission of substantially approved application
- Discretionary programs:
 - Once the subgrant is made



Period of Performance, Budget Period, Renewal

- New definitions! May have more than one budget period within period of performance; renewal starts a new period of performance. 2 CFR 200.1
- Revisions to 2 CFR 200.309: Modifications to Period of Performance.
 - If a Federal awarding agency or pass-through entity approves an extension, or if a recipient extends under §200.308(e)(2), the Period of Performance will be amended to end at the completion of the extension. If a termination occurs, the Period of Performance will be amended to end upon the effective date of termination. If a renewal award is issued, a distinct Period of Performance will begin.

Period of Performance 2 CFR 200.309 (OMB Proposed deletion)

- ❖ (Previous language: allowed pre-award costs “authorized by the federal awarding agency or pass-through entity”)
- ❖ Comments: Do not delete!
- “It was not OMB’s intention to remove the pass-through entities’ authority to allow preaward costs to subrecipients. OMB recognizes these concerns and added language to 2 CFR 200.458 for clarification in response to commenters.”

Pre-Award Costs 2 CFR 200.458

- Those costs incurred prior to the effective date of the Federal award directly in negotiation or anticipation of the award
- Costs must be necessary for efficient and timely performance of the scope of work
- Allowable to the extent they would have been allowable if incurred after the effective date and ONLY with written approval from the Federal awarding agency

Pre-Award Costs (cont.)

But... pre-award costs still require “written approval of the Federal awarding agency.”

Instead, OMB added:

- “If charged to the award, these costs must be charged to the initial budget period of the award, unless otherwise specified by the Federal awarding agency or pass-through entity.”



Closeout 2 CFR 200.344 (formerly 200.343)

- Subrecipients must prepare closeout reports and final accounting within 90 days after period; pass-through entities have **120 days**
- Unless federal or pass-through gives extension, all financial obligations must be liquidated no later than **120 days** after period ends
 - Effectively limit subrecipient liquidation to 90 days??
- 2 CFR 200.343



Carryover (Tydings Amendment) GEPA Sec. 421(b); 34 CFR 76.709; 76.710

- Program restrictions, ESSA Sec. 1126(c) (limits TI-A carryover to 15%); Perkins V, Sec. 133(b) (requires states to redistribute unobligated balances at the end of academic year; no carryover at local level)
- Tydings does not apply at local level if funding distributed by competition (1999 OGC Memo)
 - 21st CCLC; Adult Ed

Period of Availability

- CARES Act: Authorized Secretary of ED to waive GEPA 421 (Tydings amendment): ESEA, IDEA
 - FY18 (July 1, 2018 – Sept 30, 2020), extended to **Sept. 30, 2021**
 - Perkins? State-level, FY 18 waiver to Sept. 30, 2021; no LEA waiver
- Coronavirus Relief Funds: March 1 – Dec 30, 2020
- ESSER/GEER awards: March 13, 2020 – Sept 30, 2022
- Next round of stimulus?



The UGG'y Truth About Allowability



Basic Factors of Allowability 200.403

To be allowable, a cost *must*:

- Be **necessary, reasonable** and **allocable**
- Comply with the cost principles and federal award
- Be consistent with policies and procedures applying uniformly to federal and non-federal activities and costs
- Be consistently treated as either direct or indirect costs
- Be determined in accordance with GAAP
- Not be included or used to meet cost sharing / match requirements
- Be adequately **documented**
- **Be incurred during approved budget period (NEW)**

Necessary 200.404

Cost is “generally recognized as ordinary and necessary for the operation of the non-federal entity or the proper and efficient performance of the federal award.”

- ❖ Is the cost included in your plan / grant application?
- ❖ Is it aligned with the goals of the program / grant?
- ❖ Does your agency have the capacity to use what you are purchasing?
- ❖ Is the staff knowledgeable regarding the program?

Reasonable 200.404

Consideration must be given to:

- 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;
 - Arms length bargaining (hint: procurement processes);
 - Federal, state and local laws; and
 - Terms of the grant award.
- Market Prices for comparable goods or services in the geographical area
- Whether the individuals acted with prudence under the circumstances
- No significant deviation from established prices.

Reasonable & Necessary (cont.)

Practical Questions (best practice)

- 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 200.405

- ❖ 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.

Allocable (cont.)

- ❖ Do you have enough time to implement the cost?
(UGG Section 200.405)
- ❖ Is the program that bought the product using it?
- ❖ Is the program sharing the use of the item(s)?
 - Was this shared use known at the time of purchase?
 - If so, how are costs being shared?
- ❖ How is the use being documented?



CARES Act - Allocability

- How do grantees demonstrate allocability for CARES Act funding?
 - Is the cost related to the pandemic
 - Does this mean only supplemental / incremental costs related to the pandemic are allowable?
 - Backfill of maintenance and operations costs?

Applicable Credits 200.406

- ❖ Those receipts or reduction-of-expenditure type transaction that offset or reduce expense items – must be credited to the Federal award as either cost reduction or cash refund, as appropriate.
- ❖ Examples: purchase discounts, rebates or allowances, recoveries or indemnities on losses, insurance refunds or rebates, adjustments of overpayments

Direct vs. Indirect 200.413(c)

- Salaries of administrative and clerical staff should be treated as “indirect” unless all of following are met:
 - Such services are integral to the activity
 - Individuals can be specifically identified with the activity
 - Such costs are explicitly included in the budget
 - Costs not also recovered as indirect

OMB Revisions to Indirect Costs

- Expanded use of de minimis rate (includes grantees that have previously negotiated a rate)
 - Unavailable for restricted rate programs and certain state/local gov'ts
 - 200.414(f)
- Rate agreements must be available on OMB-designated website
 - 200.414(h)
- Adds program evaluation costs as a direct cost example
 - 200.413(b)

OMB Revisions to Indirect Costs – Pass-throughs

- If subrecipient does not have approved rate, pass through must accept:
 - Negotiated indirect rate between pass-through and subrecipient;
 - Negotiated rate between different pass-through and subrecipient; or
 - De minimis rate
 - 200.331 (a) (4)
- *SEAs must negotiate rates with LEAs: 34 CFR 76.561 (b)
- May offer flat 8% restricted rate to IHEs and nonprofit subrecipients, 34 CFR 76.564

Indirect Cost (cont.)

- Direct and Indirect costs: 2 CFR 200.413; 200.414
- Restricted Rates: 34 CFR 76.560 – 76.569
- Cost Allocation Guide:
- <https://www.bruman.com/wp-content/uploads/2020/01/Cost-Allocation-Guide-2019.pdf>



Selected Items of Cost

56 Selected Items of Cost

- ❖ Allowable
 - E.g., collection of improper payments (200.428); training and education costs (200.473)
- ❖ Allowable with special conditions
 - E.g., only as an indirect charge (leave payout, 200.431; advisory councils, 200.422); only with necessary documentation (compensation – personal services, 200.430)
- ❖ Allowable with prior approval
 - E.g., equipment and capital expenditures (200.438); entertainment (200.439); participant support costs (200.456)
- ❖ Unallowable
 - E.g., alcohol (200.423); bad debts (200.426)

Selected Items of Cost Examples

Alcohol 200.423

- Not allowable

Entertainment 200.438

- Not allowable UNLESS Prior Written Approval of Federal Awarding Agency.
- Field Trips & Holiday Parties are common examples
- Field trips may be allowed where:
 - They have a clear programmatic purpose
 - And are authorized by the federal awarding agency

Advertising/Public Relations 200.421

• Allowable for programmatic purposes including:

- Recruitment
- Procurement of goods
- Disposal of materials
- Program outreach
- Public relations (in limited circumstances)

Conferences 200.432

- **Generally Allowable**

- To be a conference, must disseminate technical information beyond the non-federal entity
- Allowable conference costs include rental of facilities, costs of meals and refreshments, transportation, unless restricted by the federal award
- Costs related to identifying, but not providing, locally available dependent-care resources
- Conference hosts must exercise discretion in ensuring costs are appropriate, necessary and managed in a manner that minimizes costs to federal award

Travel 200.475 (new citation)

- ❖ Travel costs may be charged on actual, per diem, or mileage basis
- ❖ Travel charges must be consistent with entity's written travel reimbursement policies
- ❖ Allows costs for "above and beyond regular dependent care"
- ❖ Grantee must retain documentation that participation of individual is necessary for the project

Telecommunication costs and video surveillance costs 200.471

- Telecommunication and video surveillance services or equipment are allowable, *except*:
 - “Covered” telecommunications and surveillance under 200.216
 - Applies to new contracts, services, equipment, and any renewals or extensions

Food

- **While Part 200 does not prohibit food, ED generally does not allow for the purchase of food:**

“Generally, there is a very high burden of proof to show that paying for food and beverages with federal funds is necessary to meet the goals and objectives of a federal grant. When a grantee is hosting a meeting, the grantee should structure the agenda for the meeting so there is time for participants to purchase their own food, beverages, and snacks. In addition, when planning a meeting, grantees may want to consider a location in which participants have easy access to food and beverages. These determinations will be made on a case-by-case basis, and there may be some circumstances where the cost would be permissible. Grantees, therefore, will have to make a compelling case that the unique circumstances they have identified would justify costs as reasonable and necessary.”

Department of Education Guidance on Food, 2014

Food - Cont.

Proposed change to UGG:

- Federal agencies cannot reference nonbinding guidance as part of the terms and conditions of an award. 2 CFR 200.210

Final change to UGG:

- Agencies may impose legally binding requirements on recipients only through the notice and public comment process through an approved agency process. **2 CFR 200.105(b)**
- Will this change restrictions on food?

Personnel Documentation 200.430(i)(1)

Time and effort records must accurately reflect the work performed and:

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

Requires Time By Cost Objective

- What is a cost objective? 200.1
 - Activities
 - Mandated set-asides
 - Mandatory minimums
 - Anything that requires separate cost accounting
- Examples 200.430(vii):
 - More than one Federal award, a Federal award and a non-Federal award, an indirect and direct cost activity, etc.
 - 10% administrative set-aside, 1% mandatory minimum, etc.



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

What to do when effort does not match budget?

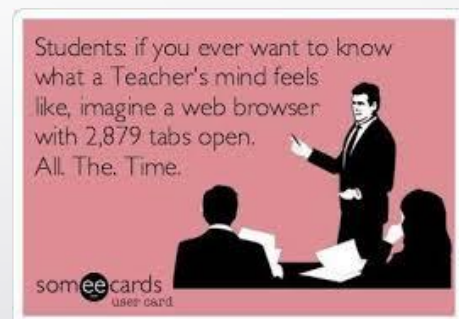
- Two Options:
- (1) Change job duties to ensure more time is spent on funded cost objectives
- (2) Change budget to ensure it is aligned with job duties



Recording Effort

If a federally paid teacher works on a single cost objective but also has limited other responsibilities, such as cafeteria or bus duties. This teacher must keep:

- A. Must keep records that distribute his / her effort on limited other activities
- B. Does not have to account for time on limited other responsibilities



De Minimis Benefit

- Limited work on another cost objective does not need to be captured in time and effort records.
- E.g. Employees may work 5% or less on another cost objective.
- The work performed on these limited duties cannot deprive a benefit from the intended beneficiaries.

The Montana Compact on Time Distribution, at p. 8, Q11.

Federal Stipends

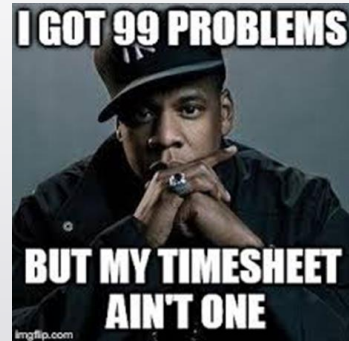
If a State-funded employee is paid a stipend with federal funds for attending professional development, does time and effort documentation have to be kept?

- A. Yes
- B. No



Federal Stipends

- Federal funds can generally be used to pay for stipends for professional development or other extra-curricular activities.
- Time and Effort documentation must be kept.
- Maryland January 2013 ARRA Audit -
 - Documentation not kept for employees partially funded with federal funds.



Reconciliation - 200.430(i)(1)(viii)(C)

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

ED's Cost Allocation Guide Posted December 2019 (dated September 2019)

Time and Effort Policies and Procedures:

1. Completion of time and attendance reporting;
2. Approval cycle that is required;
3. Processing of personnel charges to federal awards; and
4. Internal review process that will be established to ensure effective internal control over the award.



ED's Cost Allocation Guide (cont.)



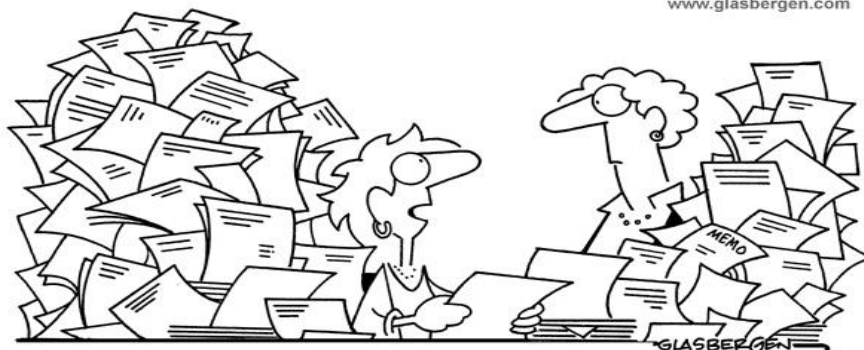
"The information should be of sufficient detail to permit an understanding of how the the system will operate from the point the time [is] worked to the point the time is recorded in the accounting records and charged to federal awards."

Documentation & Internal Controls



Know Where your Documents Are!

Copyright 2004 by Randy Glasbergen.
www.glasbergen.com



**"I am not disorganized — I know *exactly* where everything is!
The newer stuff is on top and the older stuff is on the bottom."**

Allowability Documentation

- ❖ Retention Requirements For Records – **2 CFR 200.334** (new citation!)
 - Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a **period of three years** from the date of submission of the final expenditure report.
 - Watch Statute of Limitations! (Example, USDE = 5 years under the General Education Provisions Act)

Written Procedures: Must or Should?

- | | |
|--|---|
| <ul style="list-style-type: none"> ▪ Cash Management Procedures - 200.302(b)(6) & 200.305 ▪ Allowability Procedures - 200.302(b)(7) ▪ Managing Equipment – 200.313(d) ▪ Conflicts of Interest Policy - 200.318(c) ▪ Procurement Procedures - 200.320 <ul style="list-style-type: none"> ▪ Method for Conducting Tech Evals of Proposals ▪ Establishment of thresholds ▪ Travel Policy - 200.475(b) (new citation) | <ul style="list-style-type: none"> ▪ Time and Effort Procedures - "essential" ED, Cost Allocation Guide (agency specific) ▪ Subrecipient Monitoring Procedures – required by Compliance Supplement ▪ Grant Application Procedures ▪ Record Retention Procedures ▪ Audit Resolution Procedures ▪ Program-specific Procedures |
|--|---|

Updates needed due to pandemic?

- Compensation / benefits procedures
- Time and effort procedures
- Travel reimbursements
- Allowability procedures
- Inventory management procedures



How to Maintain Documentation?

- ❖ When original records are electronic and cannot be altered, there is no need to create and retain paper copies. (UGG Section **200.336 (new citation)**)
- ❖ 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.

Documentation HOT BUTTON Issues

- ❖ Are records kept by school, grant, fiscal year?
- ❖ Do you backup documentation?
 - Where and how often?
- ❖ What happens when staff retire or voluntarily leave?
- ❖ What happens when staff are fired?
- ❖ What happens when a school closes?
- ❖ Staff keep documentation at home?



Test Your Knowledge!

An administrator spends 10% of his time working on Title I admin and 90% of his time working on non-federal activities. Does the administrator have to keep time and effort records?

- a. Yes
- b. No
- c. It Depends

Test Your Knowledge!

Are costs associated with advertising in media such as newspapers, radio and television, direct mail, or email allowable?

- a. Yes
- b. No
- c. It Depends



Test Your Knowledge!

May Franklin School District use Perkins funds to purchase light snacks and water for a staff meeting?

- a. Yes
- b. No
- c. It Depends



Test Your Knowledge!



Franklin School District wants to use Perkins funds to purchase light snacks and water for a staff meeting that is outside in 100 degree heat, is all day, and is in the middle of the woods and its with killer mosquitoes. Can it do this?

- a. Yes
- b. No
- c. It Depends

Test Your Knowledge!

To increase their assessment scores, Roosevelt Elementary wants to give students an incentive so if a student attends after school tutoring for the year, the student will receive a gift certificate for a pizza. Is this allowable under Title I?

- a. Yes
- b. No
- c. It Depends



Test Your Knowledge!



Can a school use Title I funds to buy ingredients for pizza as part of a culinary arts class?

- a. Yes
- b. No
- c. It Depends

Test Your Knowledge!

Smith Middle School wants to use IDEA funds to pay for a school counselor to provide counseling to all students. Is this allowable?

- a. Yes
- b. No
- c. It Depends



Test Your Knowledge!

You are attending a conference in New Orleans. The conference is in December and you purchase your airplane ticket in September. When does the airplane ticket obligate?

- a. December
- b. September
- c. It Depends

Test Your Knowledge!

Can a district reimburse a private school the costs of their teachers attending an academic conference related to improving student achievement?

- a. Yes
- b. No
- c. It Depends



Test Your Knowledge!

Carter Charter School wants to purchase cameras and other related security devices to protect equipment purchased with Title IV-A funds. Is this allowable?

- a. Yes
- b. No
- c. It Depends



Test Your Knowledge!

Smith Elementary wants to send its parent coordinator to a parental involvement conference. Are the costs associated with registration fees, travel, conference expenses, and other related fees allowable under Title I?

- a. Yes
- b. No
- c. It Depends



Subrecipient Monitoring

2 CFR 200.331



Pass-Through Responsibilities

- Contractor vs. Subrecipient (200.331) (new citation)
- Responsibility for Subawards (200.332) (new citation)
 - Subaward Information
 - Evaluate Subrecipient Risk
 - Specific Conditions (200.208)
 - Monitoring
 - Verify Subrecipient Has Single Audit; Management decisions
 - Enforcement (200.339) (new citation)

Risk Assessments – 200.332(c); 200.208

- The pass-through must evaluate subrecipient's risk of noncompliance, risk factors may include:
 - Subrecipient's prior experience with the same or similar subawards
 - Results of previous audits
 - Whether the subrecipient has new personnel or new or changes systems
 - The extent and results of monitoring

OMB change

Risk-based specific conditions: federal agencies or pass-through entities may **adjust requirements/ grant conditions** as needed.

- 2 CFR 200.208 (previously 200.207)

Less restrictive requirements?

Initial proposed language indicated agencies could impose “less restrictive requirements” based on risk. After comments, changed to “adjust requirements”

- Permit advance payments
- Less evidence requested on implementation
- Less frequent reporting
- Less monitoring
- Do not require prior approvals



Management decisions, 200.332(d)

- Issue management decision only for **applicable** audit finding pertaining to the subaward from the pass-through entity
- Pass-through is responsible only for **non-systemic audit findings**
 - Audit follow-up and management decisions for systemic issues responsibility of the “auditors and cognizant agency”
 - Pass-through still must “manage risk through ongoing subaward monitoring,” including follow-up on finding specifically related to the subaward

Single Audit Requirements

Subpart F of Part 200

Annual Single Audits

- Expending \$750,000 or more in federal funds in a year (200.501)
 - Must have single audit
 - Follow procurement rules in selecting auditor
 - Implement Corrective Action Plans
 - Major Programs (200.518)
- Report any material weaknesses in internal controls or questioned costs greater than \$25,000 (200.516)
- Cooperative Audit Resolution (200.1 & 200.513)
- Pass-Through Management Decisions (200.521)
 - Within six months of report being uploaded to FAC

The Funding Picture



How does federal education get funded?

- Forward funding!
- New federal fiscal year begins on October 1st each year but education funds are not distributed to grantees until July 1st of the NEXT year
- FY 2020 Example:
 - FY 2020 began on October 1, 2019
 - ED released FY 2020 funds to grantees on July 1, 2020

Looking Ahead to FY 2021



- Congress behind schedule on passing appropriations bills due to...
 - COVID-19 relief focus; and
 - November elections
- House has passed most appropriations bills but zero Senate action or proposals
 - House bill includes increases for most major education programs

Congress' Upcoming Agenda



Next Round of Stimulus?

- House passed \$3 trillion economic relief package in May (HEROES Act)
 - \$90 billion for K-12 and higher education – to be distributed to governors through “State fiscal stabilization fund”
 - Similar uses of funds to CARES Act
 - Some additional flexibilities for Perkins and AEFLA

Next Round of Stimulus?

- Senate proposed \$1.1 trillion bill in late July (HEALS Act)
 - \$105 billion for education overall (\$70 billion for K-12)
 - One-third of K-12 portion available by formula;
 - Remaining only available to schools that have reopened at least partially for in-person instruction

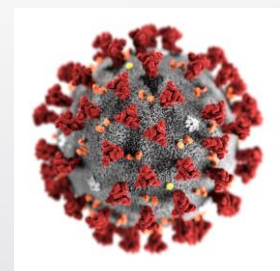
Next Round of Stimulus?

- Attempted compromise between White House, Republicans, and Democrats ended in stalemate
 - Biggest issues:
 - Price tag;
 - Tying funding to school reopening;
 - How/whether to extend extra unemployment benefits
- Senate Republicans introduced “skinny” version of HEALS Act but still no compromise
- Unclear whether another round will happen in 2020

Other Items on the Agenda

- Filling Justice Ruth Bader Ginsburg's seat on the Supreme Court
 - Contentious partisan battle expected
- FY 2021 funding
 - Extension of CR or finalization of appropriation bills in December

COVID-19 Administration Updates



CARES Act Coronavirus Relief Fund (CRF)

- Total of \$150 billion
- Funds distributed to eligible State and local governments to cover costs that are:
 - Are necessary expenditures incurred due to COVID-19;
 - Were not accounted for in the budget most recently approved as of March 27th for the State or government; and
 - Were incurred between March 1, 2020 and December 30, 2020.
- Payment amounts based on populations
- Revenue replacement is NOT allowable use of funds
- States cannot place additional restrictions on the funding

CARES Act Coronavirus Relief Fund (CRF)

- FAQ on CRF (updated Sept. 2nd):
<https://home.treasury.gov/system/files/136/Coronavirus-Relief-Fund-Frequently-Asked-Questions.pdf>
- Funds can be used for costs associated with safe reopening of schools, including:
 - Costs for providing distance learning, such as cost of laptops to distribute to students
 - Costs for reopening schools for in-person instruction, such as cost of PPE for students or other costs to meet CDC guidelines
- Treasury will assume any cost \$500 or below per elementary or secondary student to be allowable

CARES Act Coronavirus Relief Fund (CRF)

- FAQ continued...
- Workforce bonuses = not eligible expense
- BUT hazard pay eligible "if otherwise determined to be a necessary expense"
- Hazard pay means "additional pay for performing hazardous duty or work involving physical hardship, in each case that is related to COVID-19"
- Cannot use funds to offer across-the-board hazard pay for employees working during State of Emergency
 - Must meet the definition

CARES Act Coronavirus Relief Fund (CRF)

- Treasury OIG Guidance on the CRF:
<https://www.treasury.gov/about/organizational-structure/ig/Audit%20Reports%20and%20Testimonies/OIG-CA-20-028.pdf>
- For auditing purposes, all CRF payments received by "prime recipient" subject to audit
 - BUT may include reviewing subrecipients
- UGG cost principles **do not** apply; CARES Act, Treasury guidance and FAQs will serve as criteria for allowability
- UGG 200.303 (internal controls), 200.330-200.332 (subrecipient monitoring); subpart F (audit requirements) **DO** apply

CARES Act Education Funding

- Secretary's Reservation
- Governor's Fund (GEER)
- Elementary and Secondary School Education Relief Fund (ESSER)
- *Higher Education Relief*

Secretary's Reservation



- Section 18001 of CARES Act reserves 1% reservation (\$308 million) allocated at Secretary's discretion
 - ED created two pools of competitive funding:
 - Rethinking K-12 Education Models (REM) - \$180 million
 - Reimagining Workforce Preparation - \$128 million
- Additional \$100 million for Project SERV
 - Flexible pool of funds at Secretary's discretion
 - Details of distribution TBD

Governor's Emergency Education Relief Fund (GEER)

- Approximately \$3 billion (CARES Act Sec. 18002)
- Allocated to States by:
 - Population ages 5-24 (60%)
 - Children in poverty as defined by ESEA (40%)
- Governors allocate funding for "emergency support" among:
 - LEAs most impacted (as determined by SEA) for educational services and to "support ongoing functionality" → *subject to equitable services*
 - Any other LEA, institution, or "education related entity" deemed essential for emergency educational services, childcare, and protection of education-related jobs

Governor's Emergency Education Relief Fund (GEER)

- ED's [Application/ Assurances](#)
 - Funds allocated to LEAs are subject to equitable services as under Sec. 1117 of ESEA (and require consultation) (CARES Act)
 - Report regularly and respond to requests for records
 - "Generally speaking, the Department does not expect administrative or executive salaries and benefits for IHEs, SEAs, or the other education related entities referenced at § 18002(c)(3) to be a lawful purpose for GEER funds."

Elementary and Secondary School Education Relief Fund (ESSER)



- \$13.5 billion (Section 18003)
- Allocated to States by proportion to Title I
 - 10% State level reservation (inclusive of 0.5% for administrative costs)
 - 90% allocated to LEAs by share of Title I
→ *subject to equitable services*

Elementary and Secondary School Education Relief Fund (ESSER): Allowable Uses of Funds

1. Any purpose under ESEA, IDEA, AEFLA, Perkins, McKinney-Vento Title VII,B
2. Coordination of preparedness and response efforts
3. Providing principals and leaders “with the resources necessary to address the needs of their individual schools”
4. “Activities to address the unique needs of low-income children or students, children with disabilities, English learners, racial and ethnic minorities, students experiencing homelessness, and foster care youth”
5. Developing and implementing preparedness procedures and systems
6. Training and professional development on sanitation and epidemiology
7. Purchase of cleaning and sanitizing supplies

ESSER: Allowable Uses of Funds (cont.)

8. Planning for and coordination on technology, meals, IDEA, and other educational services during long-term closures
9. Purchase of educational technology, including assistive or adaptive tech / equipment
10. Mental health services and supports
11. Planning and implementing summer learning, afterschool, and other programs targeted to high-need students, including virtually
12. **"Other activities that are necessary to maintain the operation of and continuity of services in local educational agencies and continuing to employ existing staff of the local educational agency."**

ESSER Application and Assurances

- State has one year to award funds to LEAs
 - LEA funds must include charter LEAs
 - Must reallocate funding to new and significantly expanding charters as under Title I
 - Allowable for expenditures incurred on or after March 13th
- Paying staff and contractors
 - Pay employees and contractors "to the greatest extent practicable based on the unique financial circumstances of the entity."
 - Executive salaries / benefits *outside the SEA or LEA* generally not allowable
 - Teacher or faculty union or association membership fees generally not allowable
 - Funds should not be used for bonuses, merit pay, or similar expenditures unless related to COVID-19 disruptions or closures

Maintenance of Effort



- Section 18008: State applications for GEER or ESSER must contain assurances that they will maintain effort:
 - For elementary and secondary AND higher education
 - State level only
 - In FY 2020 and 2021
 - At same level as average of the last three years
 - May be waived by Secretary in a State that “experiences a precipitous decline in financial resources”

ED Guidance on MOE

- Flexibility in how States determine baseline
 - May include just state and local ed funding, categorical funding, and/or other revenues.
 - NO private donations or federal funds
 - Consistent year to year
 - Document, document, document!
- Baseline data to be collected by September 1, 2020
- When will waiver be given? TBD
 - Maybe if spending as percent of revenue is same? Maybe if reduction based on pandemic? Maybe if State took steps to improve between 2020/21?

Department of Education Fiscal Waivers SY 19-20

- Tydings Amendment (FY 2018)
 - ESSA
 - Perkins (SEA only)
 - AEFLA (SEA only)
 - IDEA
- ESSA waivers
 - Title I-A 15 percent carryover (can waive more than once every three years)
 - Title IV-A
 - Needs assessment
 - Content-area spending requirements
 - Spending limitation for technology
 - Definition of “professional development”

Waivers for SY 2020-2021?

- No assessment waivers
- Likely forthcoming...
 - Title IV-A waivers
 - 21st Century Community Learning Centers waivers
- Could change if new administration elected

CARES Act Funding: Period of Availability

- ESSER, GEER : Pre-award costs from March 13, 2020 – September 2022
 - Follows EDGAR Part 76; UGG: requires "obligation" of funds within period
- CRF: Pre-award costs from March 1, 2020 – December 30 2020
 - Cash management improvement act does not apply: requires costs to be "incurred" within period
 - Services provided / goods delivered within the covered period
 - Payment may happen within 90 days after period ends



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Questions

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