



## **Federal Fiscal Regulations for grant subrecipients**

July 15, Sept. 10, Sept. 12, Oct. 23, 2014

Improving Federal Grant Compliance,  
Managing and Spending Your Federal Grant Funds,  
and Avoiding Common Audit & Monitoring Findings

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# Agenda

9:30 am: Introductions and Housekeeping

Uniform Administrative Requirements,  
Cost Principles, and Audit  
Requirements for Federal Awards

Somewhere approximately 12:00 pm:

Lunch – on your own (1 hour)

1:00pm: Continued: Uniform Administrative Requirements,  
Cost Principles, and Audit Requirements for  
Federal Awards (a.k.a. “Uniform Guidance”)

Somewhere approximately 3:00pm: Q&A and one-on-ones  
with AOE staff.



## Scope of AOE Fiscal Monitoring

- Review of business office internal controls.
- Accuracy of accounting system budgeting and reporting. Meets needs.
- Does grant recipient have required policies in place? Followed?
- Consistent treatment of expenditures and reimbursements?
- Purchase order, Journal entry usage: consistent, controlled, approved.
- Stipend agreements, sub-grants, contracts in place as needed.
- SU is monitoring its own sub-grantees.
- Appropriate and complete documentation for all federally-compensated employees.
- Expenditure review: all documentation for a variety of expenditures.
- Equipment inventory: incl. all req. elements and verified biennially.
- Cash control – Ex: food services, petty cash. Bank accts, etc.
- Purchase / credit card management and controls.
- Alignment of expenditures with AOE grant approvals.
- Source docs. to justify AOE2.0 submissions.
- Look at correction and compliance for areas noted as deficient within previous monitoring reports and audit findings.



The new administrative requirements apply to ALL federal awards passed through state agencies to subrecipients.

Workshop will focus on significant areas of frequent non-compliance, and change.

- Repeat or significant findings MUST result in follow-up actions/sanctions by the pass-through agency.
- Repeat findings likely to result in disallowed costs or withheld funding.
- Corrective actions must be specific, complete, compliant, measurable, and sustained.
- Remedies for Noncompliance §200.338 (withhold, suspend, disallow...)



Most of what you needed to know **WAS** in

(1) EDGAR and (2) OMB A-87.

(U.S.) Education Dept. General Administrative Regulations

Title 34 Code of Federal Regulations (CFR) Parts 74 - 99. Part 80 has been most relevant for our school districts and SUs.  
Office of Management and Budget Circular #A-87 – standards for allowability of costs.



Effective 12/26/2014, new regulations replace several OMB  
Circulars and dictate sweeping changes to EDGAR:

Federal Register, Vol. 78, No. 248, Dec. 26, 2013

Part III – Office of Management and Budget

**2 CFR Chapter I, Chapter II, Part 200, et al.**

Uniform Administrative Requirements, Cost Principles, and  
Audit Requirements For Federal Awards

*a.k.a. the “Uniform Guidance”*

<https://www.federalregister.gov/articles/2013/12/26/2013-30465/uniform-administrative-requirements-cost-principles-and-audit-requirements-for-federal-awards>

There is to be a greater emphasis on performance and outcomes!



## **Fed. Goal to reduce the administrative burden on grantees and to focus on performance/outcomes.**

### PERFORMANCE MEASUREMENT:

Subrecipients are required to relate financial data to performance accomplishments (and we are required to help establish goals, indicators and milestones).

Subrecipients also must provide cost information to demonstrate cost effective practices, such as unit cost data. (§200.301).

Grant recipients (AOE) must provide PERFORMANCE reports to federal awarding agencies.

Ongoing additional oversight:

### PROGRAM MONITORING BY FEDERAL AGENCIES.

2013 example: Title 1 team, Burl SD and Winooski SD.



# Financial Management and Internal Controls

- 2 CFR §200.302 and 200.303
- Basic requirements of your financial management system; applies to both your automated system(s) and how fiscal records and processes are administered.
- Accurate, current, and complete disclosure of financial results and status by award. Records must identify obligations, unobligated balances, assets, income, expenditures, and be supported by source documentation. Comparison of expenditures with budgets for each federal award.
- Recipient must adequately safeguard all assets and assure they are used for authorized purposes. Effective control and accountability over all funds and property.
- Written procedures related to financial management should be regularly shared and reinforced with staff (incl. cash flow management, use of program income).

**This is the most important slide of today's workshop.**



# Policies and Procedures

- Some are required by law.
- **Written standards strengthen internal controls.**
- They provide a road map for your employees.
  - Make sure policies and procedures are available to all employees.
  - Everyone is on the same page.
- **Ensures consistent treatment of expenses.** (required by federal regulations)
- Avoid monitoring/audit findings



# Required Policies/Procedures:

## *Per the Uniform Guidance*

Equipment/Inventory: 2 CFR Part 200 Subpart D 200.313(d)(1)

Procurement\*: 2 CFR Part 200 Subpart D 200.318(a)

Conflict of Interest: 2 CFR Part 200 Subpart D 200.318(c)(1)

Travel/

Expense Reimbursement: 2 CFR Part 200 Subpart E 200.474(a)

*\* A separate Contract Administration policy is not required in the Uniform Guidance, but certain elements have been rolled into the procurement requirements.*



# Equipment purchased with federal funds

- §200.313 and 200.314      Few changes from previous.

## \*\*\*Equipment versus Supplies\*\*\*

- §200.94 Supplies means all tangible property that is not equipment (!). A computing device is a “supply” if the acquisition cost is less than the lesser of the capitalization level established by the subrecipient or \$5,000, regardless of the length of its useful life.
- Equipment has a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the subrecipient or \$5,000.



# Equipment Requirements

- Must adequately safeguard equipment to prevent loss, damage, or theft.
- All equipment must be maintained. Procedures must be developed to keep the property in good condition.
- Sales procedures must be established to ensure the highest possible return.
- Disposition of federally-purchased equipment is regulated. 2 CFR §200.313 (e)



## Equipment Inventory must include:

- Description
- Serial number or other ID number
- Source of the funding for the property
- FAIN \*New with Uniform Guidance – will be on grant award
- Who holds title
- Acquisition date
- Cost
- Percentage of Federal participation in cost\*
- Location
- Use and condition\*
- Disposition\*

*\*commonly left out*

Frequent monitoring finding: *A physical inventory of the property must be taken and the results reconciled with the written property records at least once every two years. Physical inventory should verify the use, condition, and location of the item. Identification number should be verified.*



# Procurement

- Procurement is currently one of the most common findings in our monitoring of federal grants.
- Procurement regulations apply to all federal grant purchases for goods and services (does not apply to salaries/benefits for employees).
- The Uniform Guidance significantly changes procurement requirements.



# Per Edgar – Current Regs.

- All procurement must be documented
- A cost analysis must be included with all procurement documentation – no minimum threshold.
- Must document the rationale for the chosen vendor.
  - Price, availability, continuity of service, etc.



# Procurement Procedures

## 2 CFR Part 200 Subpart D §200.318

as of December 26, 2014

- The non-Federal entity must use its own documented procurement procedures which reflect applicable Federal, State and local laws and regulations.\*
- Must maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders (contract administration).
- COFAR released FAQs that granted a possible 1 year grace period for Procurement policies and procedures.



# Grace Period

“...for procurement policies and procedures, for the non-Federal entity’s first full year that begins on or after December 26, 2014, the non-Federal entity must document whether it is in compliance with the old or new standard, and must meet the documented standard. For example, the first full year for a non-Federal entity with a June 30<sup>th</sup> year end would be the year ending June 30, 2016. The Single Audit Compliance Supplement will instruct auditors to review procurement policies and procedures based on the documented standard. For future fiscal years, all non-Federal entities will be required to comply fully with the uniform guidance.”



# Purchases must be necessary

- All costs have to be necessary for the performance or administration of the Federal grant
  - must be part of an approved grant strategy
  - make sure your process includes this step.
- Avoid duplicative items



# Cost Matters

- Consider consolidating or breaking out procurements to obtain a better price
- Regulations encourage taking advantage of state and local intergovernmental purchasing agreements.
- Consider excess and surplus properties vs. purchasing new.
- Consider lease vs. purchase



# Responsible Vendors Only

- Subrecipients must award contracts only to responsible contractors
  - Can perform the work
  - In the required time frame
- Subrecipients will give consideration to:
  - Contractor integrity
  - Compliance with public policy
  - Record of past performance
  - Financial and technical resources



# Open Competition

2 CFR Part 200 Subpart D §200.319

- All procurement transactions must be conducted with full and open competition.
- Contractors that develop or draft specifications, requirements, statement of work, and invitations for bids or RFPs must be excluded from competing for such procurements.



# Open Competition (cont.)

- Situations that restrict competition are not allowed.
  - Unreasonable requirements on vendors to qualify to do business
  - Requiring unnecessary experience or excessive bonding
  - Noncompetitive pricing practices between affiliated companies
  - Noncompetitive awards to consultants on retainer
  - Conflicts of interest
  - **Specifying a brand name**
  - Any arbitrary action in the procurement process
  - **In-state or local preferences**



# Conflict of Interest

2 CFR §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



# Conflict of Interest (cont.)

- Must detail the disciplinary actions to be applied to instances of verified violations.
- Make sure your conflict of interest policy covers all employees charged with purchasing decisions – not just board members.



# Methods of Procurement

- The New Guidance identifies 5 methods of procurement:
  1. **Micro-Purchases**
  2. Small Purchase
  3. Sealed Bids
  4. Competitive proposals
  5. Noncompetitive proposals



# Micro-Purchases

- Supplies or services with an aggregate dollar amount not to exceed \$3,000 (\$2,000 for Davis Bacon)
- May be awarded WITHOUT soliciting competitive quotes if you consider the price to be reasonable.
- No cost analysis required
- To the extent practicable – must distribute micro-purchases among qualified suppliers



# Small Purchases

- Supplies, services, or property that do not cost more than the Simplified Acquisition Threshold (currently defined at \$150,000)
- Open competition
- Adequate number of quotes (3)
- No cost analysis is required

*Don't forget the VT bid law (Title 16 §559)  
for purchases over \$15,000*



# Sealed Bids

(preferred for construction)

- Specification or description of good or service is available
  - Selection of vendor can be made principally based on price
  - Firm-fixed price contract
  - An invitation for bids must be publicly advertised
  - Bids solicited from an adequate number of sources
  - Must provide sufficient time to submit bids
  - Must include all specifications
  - All bids must be publicly
  - Award to lowest responsive & responsible bidder
  - Any/all bids may be rejected for “sound documented reason”
- 
- Remember to follow VT bid law for all school construction projects over \$500,000



# Competitive Proposal

- Requests must be publicized and identify all evaluation factors
- Fixed price or cost reimbursement contract
- Adequate number of qualified sources
- Must have written method for conducting technical evaluations and selecting recipients
- Must award contract to responsible firm whose proposal is most advantageous to the program – considering price and other factors



# Noncompetitive proposal Sole Source

- Sole Source may **ONLY** be used when one or more of the following apply:
  - The goods/services are only available from a single source
  - There is a public emergency
  - The Federal awarding agency or pass-through entity (VTAOE) expressly authorizes noncompetitive proposals in response to a written request
  - After solicitation of a number of sources, competition is determined inadequate\*

**Keep adequate back up – the burden is on you!**

*\* For purchases over \$15K, VT bid law requires a waiver if you have less than three bids to choose from.*



# What Procurement Documentation do you need to maintain under the Uniform Guidance

- Must document:
  - Rationale for the method of procurement
  - Rationale for the selection of contract type – fixed price, time and materials (including a ceiling price)
  - Chosen contractor / contractors rejected
    - Must check excluded parties list
  - Basis for contract price
  - **Per 2 CFR Part 200 Subpart D §200.323 a cost analysis is only required for costs in excess of the simplified acquisition threshold (\$150,000)**



# Contract Administration

- Uniform Guidance: Non-federal entities are not required to have a (written) contract administration system; however, grant subrecipients must maintain oversight to ensure that contractors perform in accordance with the terms, specifications, or conditions of a contract or purchase order.
- Written procurement standards must include protocols for the selection, award, and administration of contracts.
- Relevant staff should have access to contracts. Ex: accounts payable.
- Process for determining that work has been completed prior to payment.



## Contracts – expenditure documentation we look for...

- Contracted work is approved in the grant.
- Properly executed contract on file.
  - Correctly references: all parties involved, clear scope of work/description of services, pertinent date(s) & time(s), time required for completion, rate of compensation, invoicing schedule, termination provisions.
  - Signed & dated by **both** parties **prior** to work beginning.
    - Must be signed by someone with contract authority at the SU/District
- **Procurement process followed.**
  - Naming the vendor in the grant does not preclude the procurement process.
- Indication that work has been verified as complete prior to payment.



# Stipends

- A stipend agreement is a contract – must have all of the proper elements.
- Must be approved in the grant.
- Must include the scope of work, done by who, when, what the compensation will be, signed and dated in advance by both parties.
- Stipended work must happen outside of the employee's separately-contracted hours/days.
- Personnel expenditure documentation required.



## Sub-Grants

Type of contract used to transfer funds from a grant recipient to another entity for its use.

SUs may only subgrant federal funds to member school districts.

Subgrant document must pass along the federal regulations.

Must be signed by both parties in advance (typically principals and superintendents)

The SU must have monitoring policy in place and must monitor its subrecipients' regulatory compliance.



# Procurement/Contract Highlights

- May need to update procurement procedures – 1 year Grace period available - if correctly documented.
- New Micro Purchases category
- Cost analysis is only required for purchases over Simplified Acquisition Threshold – currently \$150K
- Sole Source – limited use
- Contracts on file – signed and dated before start
- Contract administration process must include verification work has been completed before payment is made.



# Expenditure Documentation

- A sub-grantee shall keep records to show its compliance with program requirements.
- An invoice should be able to be quickly linked to an approved grant strategy by someone not familiar with the program side of the grant. In the case of the CFP grants it is suggested that you write the “investment” or strategy number from actual grant on the invoice.
- Expenditures that lack documentation may be disallowed.



# Expenditure Documentation continued

- **Every** expenditure **MUST** have adequate back-up.
  - Verified record of work performed (quality and quantity) for all employees paid with federal funds, vendor contracts, stipends, supply purchases, memberships, travel, professional development, etc.
- Answers the following questions:
  - Is the expenditure approved and allowable?
  - Is it reasonable and necessary?
  - Is it allocable?
- 2 CFR §200.400(d) states that the accounting system “must provide for adequate documentation to support costs charged to the Federal award”.
  - **If it isn’t documented, it didn’t happen!**
    - Records may be kept electronically as long as you have the ability to pull the whole packet together when needed.



# Travel & Expense Policy

- One policy for all travel – no matter the source of funds.
- At a minimum, policy should:
  - list all forms an employee must complete before and after travel.
  - detail pre-approvals required before and after travel occurs.
  - address reimbursement rates for mileage, meals, hotel, airfare, incidentals, etc.

\*Uniform Guidance allows for temporary dependent care costs, but only if it is included in your policy.



# Travel – expenditure documentation we look for...

## 2 CFR §200.474(a)

- Must follow the SU/District policy
  - Consistency between federal and non-federal costs, mileage rates, consistency per diem or actuals for meals, cap on daily or meal amounts.
- Travel and related expenditures approved in the grant.
- Procurement process documentation for transportation, lodging, meals, etc.
- Conference agenda or itinerary.
- Certificate or other Proof of Attendance.



# Trainings & Conferences

expenditure documentation we look for...

- In-house Professional Development
  - Prior Approval
  - Agenda
  - Contract and/or stipend agreement
  - Procurement for provider or vendor, if applicable.
  - Sign in sheet proving how many and who were in attendance
- External Training & Conferences
  - Prior approval
  - Procurement
  - Follow the policy
  - Contract, if applicable
  - Agenda to tie content to grant (also proves not paying for meals that are included)
  - Certificate/Proof of Attendance



# Reasonable and Necessary

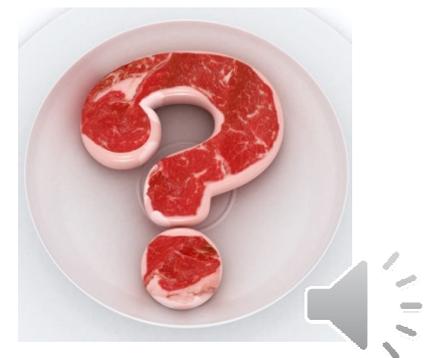
## discussion examples – case by case

- Paying \$X,000 every year for a membership. Does the benefit received to your SU's grant-funded work validate the expense? Is the membership necessary in order to achieve the goals and objectives of the grant?
- The hotel hosting the conference costs \$50 per night more than another hotel two blocks away. Reasonable and necessary?
- Half-day 1pm to 4 pm workshop being held 40 miles from central office. Five staff go early so they can have lunch together before the workshop, to discuss the workshop topic. Is the lunch a reasonable and necessary business expense to charge to the grant?
- Parental Involvement funds used for room identification signs and teacher name tags for an open house for Title 1 families?



# Personnel Expenditure Documentation

- Currently, it is required by Federal regulations-
  - **EDGAR** (Education Department General Administrative Regulation) requires that we follow
  - **2 CFR part 225** (OMB Circular A-87 ) Appendix B
  - Helps to ensure that employees are doing the work, and the grant dollars are doing the good that they should
    - Meeting minimums and staying under maximums for set-asides
- Compliance keeps the federal dollars in this state
  - No one wants to end up like these guys
    - Philadelphia School District \$123 m
    - Detroit School District \$51 m
    - Orleans Parish \$26 m



## Who is Required to Document Time & Effort?

- Any and **ALL** employees who are funded in whole or in part with Federal dollars
  - Teachers
  - Program Directors
  - School or SU Administrative staff
- Any employee whose salary is used as a match for a federal program
  - This is not currently applicable to our grant programs.
- To charge to a grant compensation must be:
  - Programmatically Allowable
  - Reasonable & Necessary & Allocable
  - Consistent with policies and non-Federal salaries



# Personnel Activity Reports (PAR) –Multiple job functions/cost objectives

- Used by employees who work:
  - On MORE than one cost objective or activity
  - More than one Federal award
  - A federal award and non-federal award
  - An indirect cost activity and a direct cost activity
- PAR's must be submitted **at least** monthly, and must coincide with **at least** one payroll period
- Required information:
  - After-the-fact distribution of actual time
  - Must cover and certify that it represents 100% of employees contracted time
  - Signed and dated by the employee
  - Ample space to record regular job functions, as well as random eventualities



# Periodic Certification – solely on **ONE** cost objective

- Reported **at least** every six months; done after-the-fact.
  - Any change in the employee's grant work status would require a new form
- Required information: Employees name, 100% certification, time period covered, work performed, signed by the employee and/or a supervisor with first-hand knowledge
- 2 types – single employee and blanket certifications
- Must spend 100% of contracted time on one and only one cost objective
- It does not matter how the position is funded; based on the activities the employee is doing throughout the day
- Blanket certifications – used for groups of employees
  - 21C
  - Stipended employees
  - SWP



# Frequently Seen Errors

- Missing Information
  - Signatures, dates, cost objective
- Pre-filling
  - Must be an after-the-fact documentation of the work done
- Signed & Dated before the end of the period
  - Again, after-the-fact
- 100% of time not covered
  - only reporting grant work
- Not reviewed or certified by the correct person
  - Employee signs PAR
  - Not a person with direct knowledge
- Form states how much time should be spent on each job function
- Grant name or Rev code – no objective or function





## New & Improved Guidance



- The **most changed and most flexible** area of the guidance!!
  - The goal is to uncover weaknesses in internal controls.
  - New, more specific definition of Cost Objective:
    - Program, function, activity, award, organizational subdivision, contract, or work unit for which provision is made to accumulate and measure the cost of processes, products, jobs, capital projects, etc.
- §200.430(a) - Compensation for personal services
  - Includes all remuneration: salary and benefits
  - Reasonable, necessary, allocable
  - Maintained for all employees who are paid in whole or in part with federal funds
  - Must be determined and supported by Standards for Documentation of Personnel Expenses §200.430(i)



## §200.430(i) Standards for Documentation of Personnel Expenses

- Based on records that **accurately** reflect the work performed
- Supported by a system of internal controls that provide reasonable assurance that the charges are accurate, allowable, and properly allocated
  - Greater emphasis on process, validity, and results than on form.
- Incorporated into official records
  - Documentation is **COMPLETE** and **AVAILABLE**
- Reasonably reflect **100% of the total activity** for which the employee is compensated – all **federal and non-federally** supported activities
- Support the distribution of salaries and wages among specific activities or cost objectives if the employee works on more than one award, federal and non-federal awards, an indirect and direct cost activity, etc.



## §200.430(i) Standards for Documentation of Personnel Expenses

- Budget estimates – Do NOT qualify as support for charges, but may be used in the interim IF
  - It's a reasonable approximation of the activity AND
  - Changes are made in a “timely manner” AND
  - **System of internal controls** includes processes to review after-the-fact charges made to a Federal award based on budget estimates. All necessary adjustments must be made so that the **final amount charged is accurate, allowable, and properly allocated.**
  - **Reconciliation must be done at least annually, but we recommend more frequently.**



# So.... What does this mean for you?

- Words have changed, but the end result is still the same
  - The documentation is not defined, and there is leeway in how and when you document personnel expenditures
  - You **MUST** be able to back up all charges to the grant through satisfactory documentation
- If you are in compliance now under EDGAR and OMB Circular A-87, then you will be compliant with the new regulations
  - If it ain't broke, don't fix it
- If you are not currently in full compliance, you should develop and follow a policy or procedure compliant with the new guidance by 12/26/2014.



## THE HOME STRETCH

### Common Monitoring Findings

Lack of sufficient documentation to verify that time spent by employees on grant-necessary work is eligible to be charged to a fed. grant.

- Includes employees paid stipends, includes para-educators, includes managers and program directors, includes after-school program workers, includes tech center staff, includes part-time employees, may include certain bus drivers, may include food service.....

**Incl. all salary/benefit and personnel dollars charged to a federal grant.**

- Must identify and isolate set-asides (homeless, parental involvement, SES).

❖ Grant-funded salaries are expenditures requiring substantial justifying documentation.



# Common Monitoring Findings

- **Internal control weaknesses.**
  - Segregation of duties.
  - Multiple authority levels.
  - Electronic signatures not controlled.
  - Bookkeeping staff not seeing whole picture.
    - Contract terms, grant budgets.
  - “Off-book” accounting (such as budget management in Excel, bank accts not reflected in accounting system).

*Trust is wonderful and has its place.  
That place is not in your business office.*



# Common Monitoring Findings

- **Poor alignment of GRANT with SPENDING.**
  - If an expense is charged to a grant, it must be identified with an approved grant strategy or approved budget item.
  - Eligible versus allowable versus approved versus allocable.
  - Grant Period.
  - Liquidation versus obligation.



## The Importance of Dates on Grants - (Grants are contracts)

- The beginning and ending dates of a grant do not necessarily coincide with your fiscal year or the school year. The “beginning” date is when the recipient may start obligating funds.
- For formula grants, the beginning date cannot be before the AOE receives an application in substantially-approvable form.  
(Ex: IDEA, CFP)
- For other grants, the beginning date cannot be before the application is approved. (Ex: 21C, Title III)
- Funds must be obligated before the grant ending date.
- The cover page of your AOE grant lists the beginning and ending date.

As a compliance double-check, the dates and approved activities of grants should be available to staff responsible for processing payments.



# Common Monitoring Findings

## **PROGRAM INCOME 2 CFR §200.307**

Finding: Improper accounting, documentation, expenditure, and reporting of income “directly generated by a federally-supported activity or earned as a result of a federal award”.

- Generally Perkins and 21<sup>st</sup> Century.  
Income to defray costs is encouraged!
- Program income must be used prior to using federal funds.
- Includes participation fees (typically from parents), or proceeds from goods sold, services rendered.  
(Catering, car repairs, maple products, haircuts, childcare,...)



# Common Monitoring Findings

- Student Activity Accounts
  - Red flag for improprieties.
  - Should not include program income!
  - Must be controlled and accounted for!
  - Are not a slush fund! Are not petty cash!
  - Are not to be “borrowed from” or used as a conduit!
  - Funds belong to and are used by students.



# UNallowable Costs

- Costs not part of approved grant or amendment.
- Costs deemed unnecessary or unreasonable.
- Costs incurred prior to being approved or outside grant period.
- Costs not allowed as per Cost Principles.  
2 CFR Subpart E §200.420 - §200.475
- Costs without proper documentation.  
Can incl. salaries, employee expenses, prof. dev. even if in grant.
- Most food at meetings and trainings.
- Lobbying, Entertainment, Alcohol, Donations...



# Gift cards

Memo – CFO Bill Talbott, June 2013

“The use of federal grant funds for purchasing prepaid store cards – i.e. retail/grocery stores, Amazon, I-Tunes, convenience stores, gas cards, etc. is NOT allowed under federal regulations”.

Separate handout.



# Using federal grant funds for FOOD

Memo US Dept. of Education May 2013.

“Federal grant funds may only be used for expenses that are reasonable and necessary... *There is a high burden of proof to show that paying for food and beverages is necessary to meet the goals and objectives of a federal grant.*”

Separate handout.



# Indirect Costs

- VTAOE will continue to approve indirect rate proposals for SUs annually.
- **Indirect rate applications must be received by the VTAOE by April 1<sup>st</sup>.**
- 2 CFR §200.413(c): “The salaries of administrative and clerical staff should normally be treated as indirect (F&A) costs. Direct charging of these costs may be appropriate only if **all** of the following conditions are met:
  - 1) Administrative or clerical services are integral to the project or activity;
  - 2) Individuals involved can be specifically identified with the project or activity;
  - 3) Such costs are explicitly included in the budget or have prior written approval of the Federal awarding agency; and
  - 4) The costs are not also recovered as indirect costs.”

**Direct costs defined in 2 CFR §200.413**



# Questions?

## Federal Grant Management and Fiscal Monitoring:

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Erin Finneran (802) 479-1032 [erin.finneran@state.vt.us](mailto:erin.finneran@state.vt.us)

## Accounting, AOE2.0, and federal cash position:

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Grants are assigned to accountants (katy, julie, mark, john)

