



NORTH DAKOTA DEPARTMENT OF
PUBLIC INSTRUCTION

The North Dakota School Business Manager Certification Program



Federal Funding

October 2023

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ND Department of Public Instruction (NDDPI)



Importance

As a School District Business Manager, why is this important to me?

- A School District Business Manager is critical to the organization and day-to-day functioning at the local level
- The business manager must be aware of many things including the following for their school district for all local and federal programs:
 - Awarded funds
 - Contract amendments
 - Approved budgets
 - Claims for reimbursement
 - Set-aside/Quarterly Reports (if applicable)
 - Documentation for federal requirements



Agenda



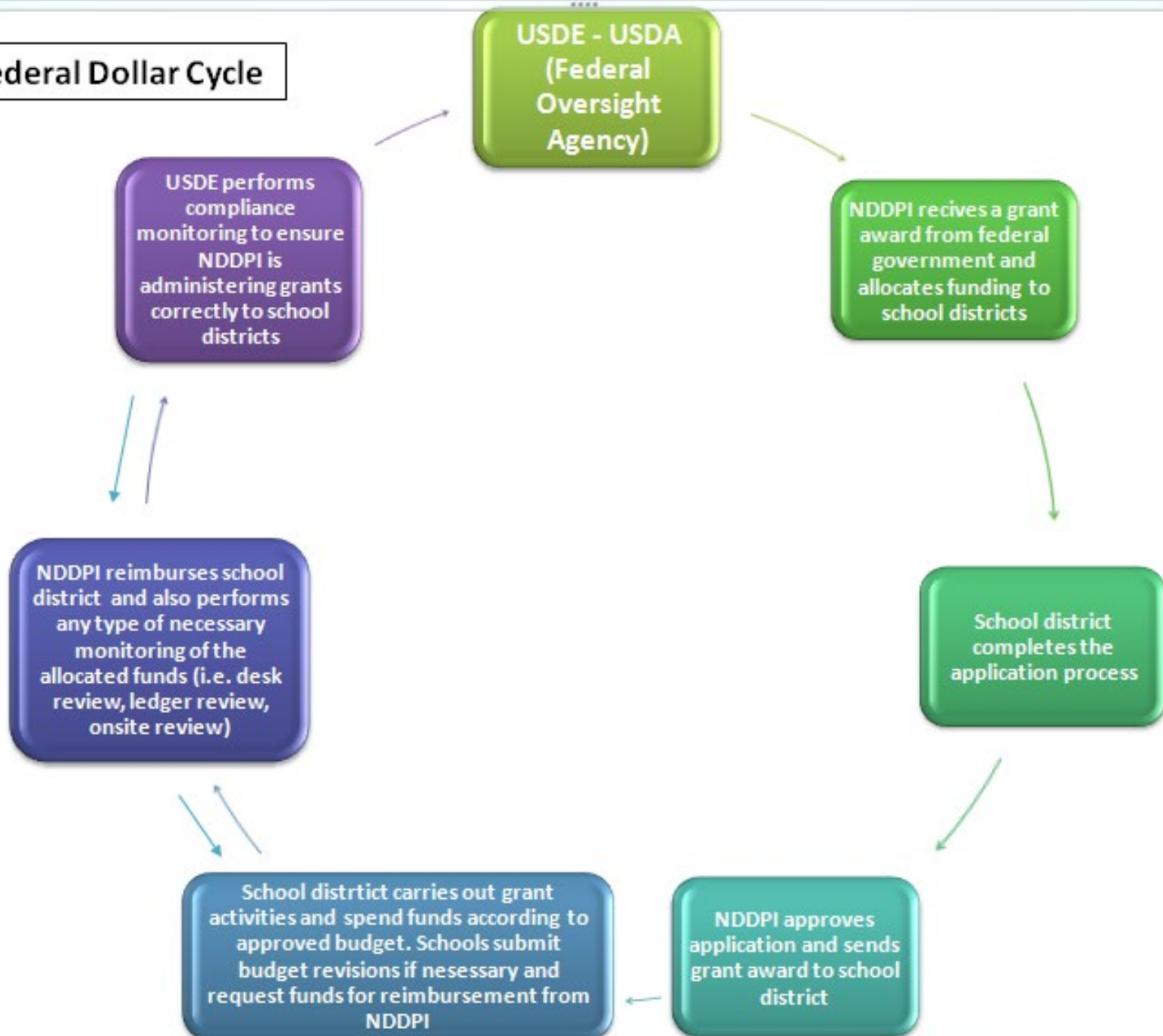
- State and Federal Reporting Systems
- Federal Dollar Cycle
- Major Federal Programs Administered by NDDPI
- Emergency Relief Funding Administered by NDDPI
- Eligibility for Title I
- Allowability with Federal Programming
- Additional Items of Importance
- Miscellaneous Information to Keep in Mind



State and Federal Reporting Systems

- State Automated Reporting System (STARS) – Data collection for State and Federal reporting (15-page business manager report)
- Web Grants – North Dakota federal grant management system
- NDFoods – Child Nutrition Food Distribution (CNFD) system for applications, payments, food ordering
- Direct Certification Program – CNFD system tied to STARS for free meal eligibility for nutrition programs

The Federal Dollar Cycle



Major Federal Programs Administered by NDDPI

- Federal Title Programs
 - Title I, Part A
 - Title I, Part B State Assessment
 - Title I School Improvement
 - Title II, Part A
 - Title III
 - Title IV
- 21st Century Community Learning Programs-Title IV, Part B
- Migrant Education
- Neglected & Delinquent
- McKinney-Vento Homeless
- Adult Education
- Comprehensive Literacy State Development (CLSD)
- National School Lunch Program
- School Breakfast Program
- After School Snack
- Fresh Fruit and Vegetable Program
- Special Education Program

Emergency Relief Funding Administered by NDDPI

Elementary and Secondary School Emergency Relief (ESSER)

- Coronavirus Aid, Relief, and Economic Security (CARES – ESSER I) expired 9/30/2022
- Coronavirus Response and Relief Supplemental Appropriations (CRRSA – ESSER II) expired 9/30/2023
- American Relief Package (ARP– ESSER III) expires 9/30/2024

The NDDPI also used discretionary funding to support various other grants

- Small districts (not eligible under Title I formula used to determine allocations)
- Special Education
- Special Education Early Childhood Professional Development


Additional Relief funding

- Homeless Children & Youth (ARP – HCY I & II)
- Individuals with Disabilities Education Act (ARP – IDEA & Preschool)
- Emergency Assistance for Nonpublic Schools (EANS I & II)
 - Districts act as the public partner on behalf of the nonpublic school in their district

Eligibility for Title I

- Census Poor Count x .155
- Foster Child Count x .155
- Eligible Free Count x .46
- Eligible Reduced Count x .23

Very important for October eligibility to be verified by school district because it is published on NDDPI's website and used in multiple calculations and public information



Allowability with Federal Programming

- Necessary and Reasonable Test
- Standards for Financial Management
- Common Fiscal Concerns
- Generally Sound Fiscal Practices
- Unallowable or Questionable Expenditures
- Supplement, not Supplant



Allowability: Necessary and Reasonable Test

The necessary and reasonable test – costs must be necessary and reasonable for the proper and efficient performance and administration of the grant

- Necessary – does the cost address an existing need and can the school district prove it?
- Reasonable – can the cost pass the ‘prudent person’ test? Is it reasonable in the nature and cost of the expense?



Allowability: Standards for Financial Management

- 2 CFR 200.302(b) details the 7 standards for financial management systems for federal grants

- All State Education Agencies (SEA) and school district systems must follow these standards, at a minimum:
 - Financial Reporting
 - Accounting Records
 - Internal Controls
 - Budget Control
 - Allowable Cost
 - Source Documentation
 - Cash Management

Allowability: Common Fiscal Concerns

- Ledgers do not match the claims submitted to the NDDPI – Once budgets are approved for each program, school district ledgers should be created by Project, Program and Object Code.
- Upon approval of each contract amendment to revise their program grant budget, the school district must update their business manager's ledger, so they match the revised approved budget on file with NDDPI.
- Activities are not coded correctly.
- Indirect Cost figured incorrectly – School districts must apply for an indirect cost rate to claim reimbursement in that category. Claiming indirect cost is done once all expenditures have been paid for the grant as indirect costs are paid on actual expenditures minus any funds spent on equipment.



Allowability: Generally Sound Fiscal Practices

- All school districts receiving federal funds, including federal competitive grants, must expend funds as they are intended
- Assure that federal funds are expended within the appropriate performance period
- Federal expenditures are coded to the appropriate fiscal line items in the school district accounting system
- Assure that all federal expenditures are an allowable use of funds
- Assure that federal expenditures align with what has been approved on the school district's approved application and budget



Allowability: Unallowable or Questionable Expenditures

➤ Not Allowed:

- Alcohol
- Entertainment
- Lobbying
- Base Curriculum

➤ Questionable Expenditures

- Furniture
- P.E. Equipment
- Field Trips
- Food
 - Federal law strongly discourages using federal funds to pay for food or beverages. Expenditures for food or drink must be justifiable, reasonable and necessary – buying steak dinners with drinks sounds nice, but not allowable.



Allowability: Supplement, Not Supplant Title I, Part A

- A school district shall use federal funds received under Title I, Part A only to supplement the funds that would, in the absence of such federal funds, be made available from State and local sources for education of students participating in programs assisted under Title I, Part A and not to supplant such funds
- Non-public funds, such as private contributions, fundraising, and parent fees, are not part of determining compliance with the supplement not supplant requirement



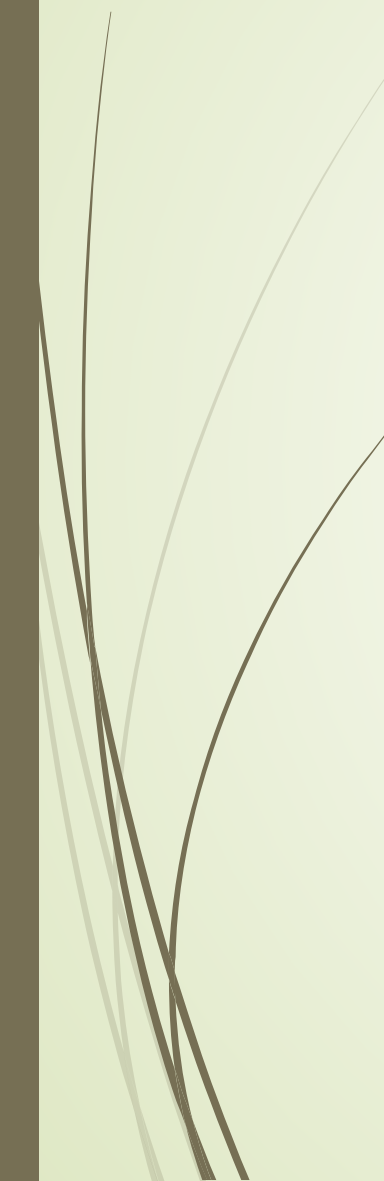
Allowability: Supplement, Not Supplant Title I, Part A Compliance

- To demonstrate compliance with the supplement not supplant requirement, a school district shall demonstrate that the methodology used to allocate State and local funds to each school receiving Title I, Part A funds ensures that such school receives all the State and local funds it would otherwise receive if it were not receiving Title I, Part A funds

- School districts might use:
 - A staffing cost model,
 - Per-pupil allocations (like a weighted student funding formula),
 - A hybrid, or
 - Some other process that can be quantitatively justified



Additional Items of Importance

- Maintenance Of Effort (MOE) Requirement
 - Maintenance of Equity (MOEquity) Requirement
 - Retention of Records/Source Documentation
 - Single Audits – previously A-133 audit
 - Risk Assessment
 - Contract Amendments
 - Claiming Federal Funds
 - Proper Coding
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Maintenance of Effort (MOE)

- This federal requirement states school districts need to show that the level of State and local funding remains relatively constant from year to year
- Federal USED programs require the SEA to perform an annual verification from school district's financial reports to determine that the fiscal effort per student from state and local funds was not less than 90% from the prior year
- From school district financial report, data is used to verify MOE
 - Total local and state expenditures ÷ ADM (SY 2022) = X
 - Total local and state expenditures ÷ ADM (SY 2021) = Y
 - $X \div Y = \%$ Must be greater than 90%
- If a school district is unable to maintain effort for two years out of a rolling five-year period, federal Title funds are reduced in the exact proportion to which the school district fails to meet the 90% requirement
 - School District # 1 Example $X \div Y = 87\%$
 - School District # 2 Example $X \div Y = 95\%$
- School District #1 federal Title allocations reduced by 3% where School District #2 will receive full allocation



Maintenance of Equity (MOEquity)

- MOEquity is a set of new fiscal equity requirements in ARP ESSER
- Specifically, MOEquity ensures the following:
 - SEA does not disproportionately reduce per-pupil State funding to high-need school districts
 - SEA does not reduce per-pupil State funding to the highest-poverty school districts below their FY 2019 level
 - A school district does not disproportionately reduce State and local per-pupil funding in high-poverty schools
 - A district does not disproportionately reduce the number of full-time-equivalent (FTE) staff per pupil in high-poverty schools
- The NDDPI and school districts must maintain equity in each of FYs 2022 and 2023
- School districts exempt from the MOEquity requirement:
 - Have a total enrollment of less than 1,000 students
 - Operate a single school
 - Serve all students within each grade span with a single school

Retention of Records

- Recipients of federal funds must retain financial and program records to show compliance with program requirements
- Records and source documents for financial data must be kept for a period of three years, the starting date of which begins on the day the final report is submitted (exception is litigation or audit findings, records held until resolution)
- Acceptable forms of source documentation includes cancelled checks, paid billings or invoices, time and attendance records (for payroll), contracts/leases, etc.

*****There may be a more stringent record retention policy at the local level; this is the minimum federal requirement (ex. 5 year retention required at school district)***



Federal Required Single Audits

- Sub recipients that annually expend \$750,000 or more in federal funds, either singly from NDDPI or in combination with other agencies (e.g., NDDPI, DHS) are responsible for obtaining a single audit
- Federal assistance includes federal reimbursement payments and the value of donated commodities
- The audits shall be performed by an independent auditor in accordance with generally accepted government auditing standards covering financial audits
- Sub recipients expending less than \$750,000 annually, must still maintain records of financial assistance and upon request, provide access to such records by state or federal agencies, but are not required to obtain a single audit
- NDDPI sends annual notice to gather information if each school district is required to obtain single audit

Risk Assessment

- A risk assessment for all federal grant sub recipients is performed with each new grant including formula grants at a minimum annually, during the grant award process by NDDPI staff

- Risk factors include, but are not limited to:
 - Prior experience/performance
 - New personnel
 - Prior monitoring findings
 - Late reporting
 - Data submission errors
 - Grant award amount
 - Audit findings
 - Expired funds
 - Maintenance of Effort violations



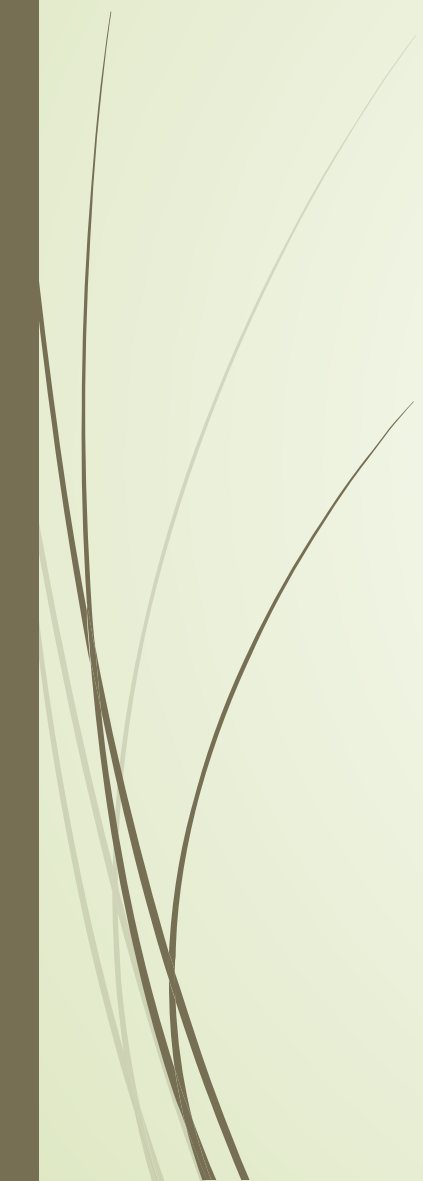
Risk Assessment Results

If a grant recipient is found to be High Risk, the grant may have additional conditions imposed on the award up to and including:

- Require additional documentation (invoices with every claim)
- Require additional program compliance monitoring
- Require additional prior approvals (i.e., prior approval on expenditures)
- Desk audit of financial activity of the grant recipient
- Require the non-federal entity to obtain management assistance or technical assistance



Contract Amendments

- Required when:
 - New activities not previously approved on budget prior to incurring expense. Districts run the risk of having to cover the expense with general funds if the amendment isn't approved due to unallowable expense/activity.
 - Actual expenditures by object code category differ 10% or more from approved grant total.
 - Some school districts require contract amendments to be approved by school board, administrator and business manager before request is made.
 - Remember to update the school district ledger with revised budget amounts once amendment is approved.
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Claiming Federal Funds

- Federal funds are paid on a reimbursement basis only and MUST be claimed within 120 days of expenditure payment (2 CFR § 200.305(b) . . .)
- Good budgeting practice is to claim monthly or quarterly to ensure compliance – ledgers are reviewed with every claim so adjustments needed can be caught early
- Claims are made by object category and MUST match attached accounting ledger for the program requesting the reimbursement
- It is allowable to over expend in each category if it is less than 10% of the total approved budget. No contract amendment is required if the overage is not more than 10% of total budget and the overage can be absorbed by another category
- Contract (Grant Award) MUST be signed showing EXECUTED before any claims can be processed by NDDPI

Claim Components

- General Claim Information – Reporting Period
 - Date should match time period of claimed expenditures on ledger
 - Date cannot be outside of the grant period
 - Date cannot be after the submission date of the claim

- Reimbursement
 - “Expenses this Period” column must match the reporting period indicated and the attached ledger expenditure dates
 - Federal funds are reimbursement only; therefore, the date of claim must be after expenditures have been paid by grantee

- Supporting Documentation
 - All claims require a detailed ledger of expenditures
 - Some programs may also require invoices

Proper Coding is Important

- Federal Uniform Grant Guidance (UGG) requires the NDDPI to ensure federal funds are expended in the programs in which they were approved
- Education Department General Administrative Regulations (EDGAR) 80.20(b)(4) requires grant recipients to track actual expenses to budgets by program funding source
 - A source code is needed for ALL Federal fund tracking with the same Project Codes but multiple years of funding. It is not required if a program does not have multiple funding years (such as ESSER which was one-time funding with its own Project Code). It IS required for all programs awarded every year, even if you, as the district, have spent all the prior year's funds.
 - The source used is NOT the year you were awarded the funds, but rather the year USED authorized the funds. Even though we are currently in the 2023-2024 school year, you may still be expending and claiming funds with a 2022 source.
 - If you ever question what the source code is for a grant, it will appear on the Contract/grant award under the Grant Award Information – Funding Source
- Individual federal programs as well as local funds need to be tracked separately and cannot be combined into one budget. The budget should be created in the accounting system by Project, Program, and Object Code once budget is approved by NDDPI for each program



Proper Coding is Important Cont.

- Codes and information to assist when setting up ledgers for tracking are found in the North Dakota School District Financial Accounting and Reporting Manual (NDSDFARM) – School Finance Manual located on the NDDPI website [https://www.nd.gov/dpi/sites/www/files/documents/SFO/NDSFARM%202018%20\(2\).pdf](https://www.nd.gov/dpi/sites/www/files/documents/SFO/NDSFARM%202018%20(2).pdf)
 - Presents a uniform financial and accounting structure for schools in North Dakota
 - Condensed guidance document “Tracking Federal and Local Funds” located at: [https://www.nd.gov/dpi/sites/www/files/documents/Division of SS%26I/Con App/TrackingFederalLocalFunds.pdf](https://www.nd.gov/dpi/sites/www/files/documents/Division%20of%20SS%26I/Con%20App/TrackingFederalLocalFunds.pdf)

Example

XYZ Public School District Accounting Ledger July 1 – June 30

Title I - 01-68-20-261-1000

Account Number	Account Description	Revised Budget	Expended During Current Month	Expenditures to Date	% of Budget	Balance at EOM	A/P Outstanding	P/O Outstanding	Unencumbered Balance
01-68-20-261-1000-110	Professional Salary	\$30,533.71	\$0.00	\$29,811.00	97.63	\$722.71	\$0.00	\$0.00	\$722.71
01-68-20-261-1000-120	Non-Professional Salary	\$0.00	\$0.00	\$0.00	0.00	\$0.00	\$0.00	\$0.00	\$0.00
01-68-20-261-1000-210	Insurance Benefits	\$5,300.00	\$0.00	\$5,300.00	100.00	\$0.00	\$0.00	\$0.00	\$0.00
01-68-20-261-1000-220	Soc. Sec. – FICA	\$2,267.78	\$0.00	\$2,295.72	101.23	(\$27.94)	\$0.00	\$0.00	(\$27.94)
01-68-20-261-1000-230	ND Teachers Retirement	\$2,300.78	\$0.00	\$2,299.15	99.93	\$1.63	\$0.00	\$0.00	\$1.63
01-68-20-261-1000-300	Purchased Prof & Tech Services	\$500.00	\$0.00	\$0.00	0.00	\$500.00	\$0.00	\$0.00	\$500.00
01-68-20-261-1000-430	Maintenance	\$0.00	\$0.00	\$0.00	0.00	\$0.00	\$0.00	\$0.00	\$0.00
01-68-20-261-1000-580	Travel	\$1,140.00	\$0.00	\$317.10	27.02	\$822.90	\$0.00	\$0.00	\$822.90
01-68-20-261-1000-600	Materials and Supplies	\$500.00	\$0.00	\$483.25	96.65	\$16.75	\$0.00	\$0.00	\$16.75
01-68-20-261-1000-730	Equipment	\$0.00	\$0.00	\$0.00	0.00	\$0.00	\$0.00	\$0.00	\$0.00
01-68-20-261-1000-800	Dues/Memberships/Registrations	\$1,625.00	\$0.00	\$1,135.00	69.85	\$490.00	\$0.00	\$0.00	\$490.00
01-68-20-261-1000-900	Indirect Cost	\$118.28	\$0.00	\$0.00	0.00	\$118.28	\$0.00	\$0.00	\$118.28
01-68-20-261-1000-950	Unobligated Set asides	\$300.00	\$0.00	\$0.00	0.00	\$0.00	\$0.00	\$0.00	\$300.00
Summary		\$44,585.55	\$0.00	\$41,641.22	95.10	\$2,644.33	\$0.00	\$0.00	\$2,644.33

Object Code Categories

110	Certified Personnel – Salaries for certified personnel including: teachers, substitute teachers, stipends to staff for attending workshops that are held after regular school hours.
120	Noncertified Personnel – Salaries for non-certified personnel including: aides, paraprofessionals, bus drivers, secretaries.
200	Employee Benefits – Payments that are not part of gross salary made on behalf of employees; i.e., insurance, Social Security, retirement, unemployment compensation, Workers Compensation, annual leave, sick leave. School districts paying stipends to staff must pay benefits for those stipends.
300	Purchased Professional and Technical Services – Purchased services for which the district has a contract on file including: speaker fees, professional development on site, auditors, consultants, etc.
400	Purchased Property Services – Repair of Equipment.
500	Other Purchased Services – Expenses for transportation including mileage, meals, lodging, airfare, taxi fares, etc. Travel expenses for teachers that are working to become highly qualified, (i.e. mileage, meals, and lodging expenses to attend classes). Travel (transportation) for students to attend student activities (such as Title I summer school or after school programs).
600	Supplies and Materials – Expendable items that are consumed, worn out, or deteriorated in use, freight, books, school supplies, periodicals/subscriptions, software, software applications, food for parental involvement activities, snacks for after school programs, etc.
700	Property & Equipment – Document cameras, iPods, iPads, computers, printers, e-readers, monitors, white boards, smart boards, hard drives, etc. These items must be tagged as being purchased with Title I funds. Exception: Computers are <u>always</u> coded as equipment.
800	Other Objects – Registration fees for Title I staff to attend workshops. Registration fees, tuition, books for teachers. Cost to have portfolios reviewed. Cost to complete Praxis tests. Licensing fees.
900	<p>Other Use of Funds – Indirect costs are calculated by taking your total approved budget and subtracting any funds listed on the unobligated line and the equipment (object code 700). After you have subtracted the amount you plan to spend on equipment and the amount set aside as unobligated, you multiply the difference by the indirect cost rate. This equals the maximum allowed for indirect cost.</p> <p>Please Note: *Indirect costs cannot be claimed for reimbursement until the end of the fiscal year. This information is reflected on the Final Financial Report. Indirect costs are figured again at the end of the year and the maximum indirect costs are only paid based on your total expenditures less the funds listed on the unobligated line and the 700-equipment line.</p> <p>*School districts participating in a cooperative agreement must use the <u>fiscal agent's indirect cost rates</u> for Title I purposes.</p>
950	Unobligated – Costs for funds available but not obligated into the district budget can be coded to object code 950. (This includes undetermined costs for schools or districts currently in program improvement.) This object code is to be used only to budget these unobligated funds and should not appear as an expenditure code. Before the unobligated funds are spent, the district must submit an electronic budget revision and adjust the budget to move these funds into the appropriate object codes listed above.

Expenditure Categories

- **Salary/Stipends coded to salary (110/120), not contracts (300)**
 - Stipends can only be paid for time spent outside of regular work hour (non-contracted time otherwise is considered double-dipping). Documentation should be kept on file. Stipends shouldn't be paid if staff is already being paid for their time; for example, to attend a conference held during a contracted school day.
 - Federal law requires all employees, including teachers, paraprofessionals, and other staff who are paid with federal funds, to document the time and effort they spend within that program. The portion of the federally paid salary should be reflective of the time and effort the individual has put forth for that federal program.

- **Object code 300 (Purchased Professional & Technical Services)**
 - This code is to be used when funds will be utilized to purchase a service - not paying for a product, rather this is payment for a person or a company to provide a service.
 - Districts should have a purchasing policy in place to determine when a contract for services is needed and should be on file with the district.
 - Contracts are to be used for professional services not to pay staff.

- **Object code 500 (Other purchased services) Hotel rooms/travel**

- **Object code 600 (Supplies & Materials)**
 - Expendable items that are consumed, worn out, or deteriorated in use.
 - Tangible items such as periodicals (books, magazines, newspapers) and subscriptions.
 - Computer software.

Expenditure Categories, Continued

➤ **Object code 700 (Property & Equipment Inventory)**

- Any equipment
- Computer equipment (printers, white boards, iPads, etc), no matter the cost, must be tracked using an inventory control policy and procedure
- If purchasing a computer hard drive for \$550 and a monitor for \$250, the cost of both would fall under equipment
- Inventory must include at a minimum:
 - Description of equipment
 - Serial number or other identifying number
 - Purchase date
 - Cost of equipment
 - Percentage of federal funds used in cost of equipment/federal fund used to pay for the item
 - Location
 - Any disposition data including date of disposal and sale price if applicable

➤ **Object code 800 (Other Objects)**

- Dues or annual memberships for professional organizations
- Registration fees for trainings
- "License" fees (computer-based license fees) - Broad subscription falls under 600
- Books and supplies needed to take a course along with the registration cost (all part of the cost of the course)

Miscellaneous Information to Keep in Mind

- If a school district has a nonpublic school, they can't overspend the nonpublic equitable share or allocation with Federal funds (If there is an overage, it must be covered by local district funds).
- District purchases of supplies/equipment are the property of the district. Avoid reimbursing staff or other entities for purchases of these types.
- Communication between the district Business Manager & Superintendent (Title Authorized Representative) is essential, so everyone is on the same page for all federal grant programs.
- No Federal funds can be used to pay for state mandated requirements.
- Cash or gift card incentives should be nominal, reasonable and educationally related.



Thank you😊