

Attachment A: Perkins Financial Monitoring - Document Request List

Request Number	Document
FM.1	Written policies and procedures for fund controls to ensure no budget overrun
FM.2	Written policies and procedures for approval and disbursement of grant-related Expenditures
FM.3	Written policies and procedures for Financial (Accounting) Management System and Financial Reporting requirements
FM.4	Written accounting policies and procedures, including chart of accounts identifying all program related funds, programs and accounting codes
FM.5	Bank account information reflecting location where program funds are housed at the State level indicating the type of account (interest-bearing?)
FM.6	Written policies and procedures for disbursing funds to LEAs once an award is received
FM.7	Written policies and Procedures for source documentation requirements
FM.8	Written policies and procedures for internal controls
FM.9	Treasury-State Agreement
FM.10	Written Policies and Procedures for compliance with Cash Management Requirements for all disbursements for SEAs as well as LEAs
FM.11	Written policies and procedures for monitoring sub-recipient drawdown and fund disbursement activities and resolving audit findings and corrective actions
FM.12	Most Recent Approved Indirect Cost Rate Agreement
FM.13	Written policies and procedures for tracking drawdown activities for Federal funds
FM.14	Report of all drawdown activities for the period under review- Perkins grant 7/1/10 to 9/30/12
PR.1	Written policies and procedures for payroll processing and maintenance of time & attendance records
PR.2	List of employees whose salaries are paid in full or part by the program fund.
PR.3	Summary report of payroll expense that reconciles to the most recent financial status report showing the fund, account and program code -7-1-10 to 9/30/12
PC.1	Written procurement policies and procedures
PC.2	Report of total contracting expense paid by the program fund for the period of review by each contractor, total contract amount, and the type of contract issued-7-1-10 to 9/30/12
AQ.1	Written policies and procedures for acquisition, maintenance and disposition of properties and equipment
AQ.2	Worksheet that reconciles the actual inventory of properties value to the general ledger line item(s)
TR.1	Written policies and procedures for travel
GC.1	Written policies and procedures for grant closeout
GC.2	A sample grant closeout report
<p>Table of Contents for Acronyms</p> <p>FM-Financial Management</p> <p>PR-Personnel Resources</p> <p>PC-Procurement Resources</p> <p>AQ-Acquisition Resources</p> <p>TR-Travel Resources</p> <p>GC-Grant Closeout</p>	

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Appendix

- A1: Methods of Administration Manual
- A2: Definitions and Abbreviations
- A3: Office of CTE/Workforce Development Organizational Chart and Contact Information List
- A4: Duties of Directors of Career/Technical Education
- A5: Program Application and Accountability Plans for Carl D. Perkins Funds, Fiscal Year 2013-2014
- A9: LEA Compliance Review Document
- A10: Alabama State Department of Education - Procurement Procedures
- A12: Example of Blank [REDACTED] Time Sheet
- A13: Provision of Services to Special Populations and Career/Technical Implementation Plan

INITIAL GRANTS MANAGEMENT MEETING

Sample Agenda

I. Distribute materials

1. Grants Management Handbook
2. Customized pages in the Grants Management Handbook
3. Customized Master Database Printout

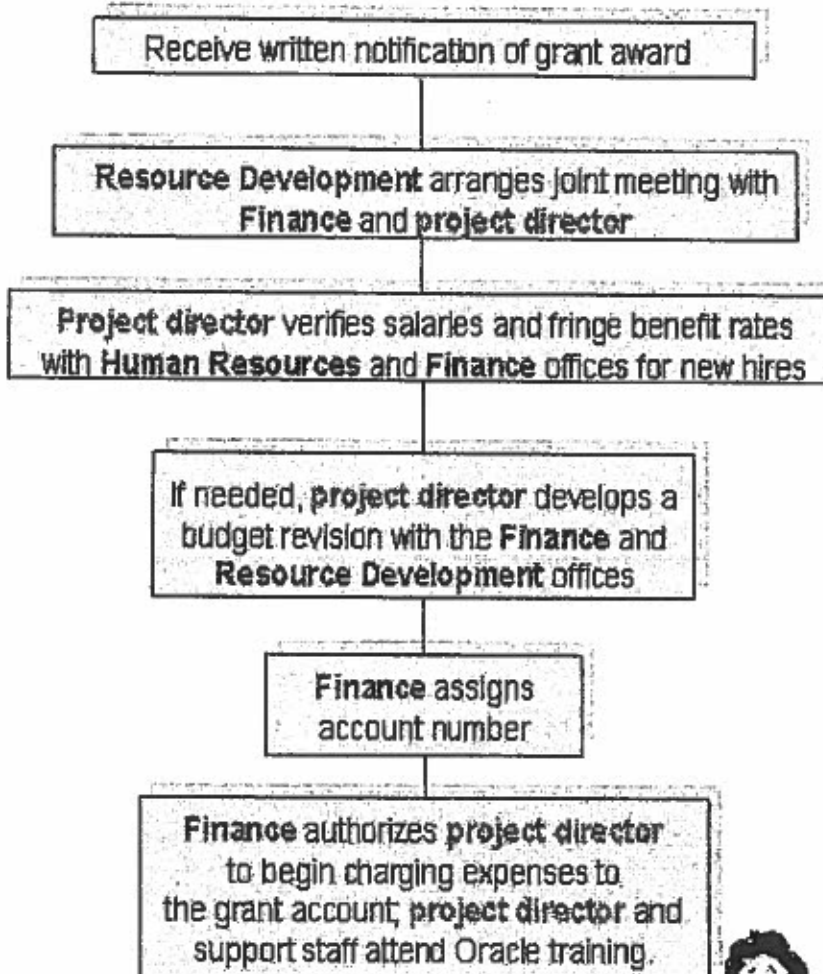
II. General Grants Management Issues

1. Hiring staff and time and effort documentation – frequency, forms
2. Spending grant funds
 - a. Internal account number
 - b. Internal GL codes vs. funding agency budget categories
 - c. Follow the spending plan – proposal budget is the starting point, anticipate and develop updates at 6 months and 9 months; monitor every month
 - d. Time frames for spending – must benefit target audience during grant year; need advance notice for printing and video services; beware the last quarter of the grant year!
 - e. Budget changes – internal review process; prior approval conditions; no carry forward
 - f. Adherence to funding agency regulations and college policies – the most restrictive rules!
 - g. Subrecipient agreements – processing; monitoring
3. Documenting college match – forms; frequency; cash vs. in-kind; refer to the funded proposal for levels
4. Working with project partners and documenting partner contributions – formalizing contacts
5. Communicating with the funding agency
 - a. Required – work through the grant writer (or the grants manager)
 - b. Site visits, reviews, audits – contact the grant writer (or the grants manager) immediately!
 - c. Submitting new and continuation grant proposals – developing reasonable timelines; who does what
6. Programmatic evaluation
 - a. Drafting and submitting required reports – developing reasonable timelines; who does what
 - b. Measuring progress based on grant objectives and evaluation plan in proposal; establishing baselines

III. Specific Program Issues

1. Example: TRIO follows EDGAR; deliverables – “substantial progress,” strict interpretation of the regulations, effective fiscal management

SETTING UP THE GRANT BUDGET



Determining Allowability of Costs¹

Expenditures must be aligned with approved budgeted items. Any changes or variations from the state-approved budget and grant application need prior approval from the state. When determining how [redacted] will spend its grant funds, [staff member(s)] will review the proposed cost to determine whether it is an allowable use of federal grant funds *before* obligating and spending those funds on the proposed good or service. All costs supported by federal funds must meet the general standards in the Uniform Grant Guidance/EDGAR provided in the bulleted list below. [Staff member(s)] must consider these factors when determining whether a cost is allowable. Additional helpful questions to ask when making allowability determinations are located on page [#] of this policy.

- **Necessary for the administration or performance of the federal award.** Necessary is determined based on the needs of the program and whether the expenditure must be necessary to achieve an important program objective. A key aspect in determining whether a cost is necessary is whether [redacted] can demonstrate that the cost addresses an existing need, and can prove it. For example, [redacted]

When determining whether a cost is necessary, consider such as factors as:

- Whether there is an educational benefit associated with the cost.
- Whether the cost aligns with identified needs based on results and findings from a needs assessment.
- Whether the cost addresses program goals and objectives and is based on program data.

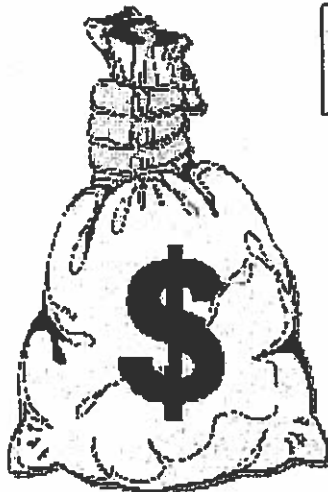
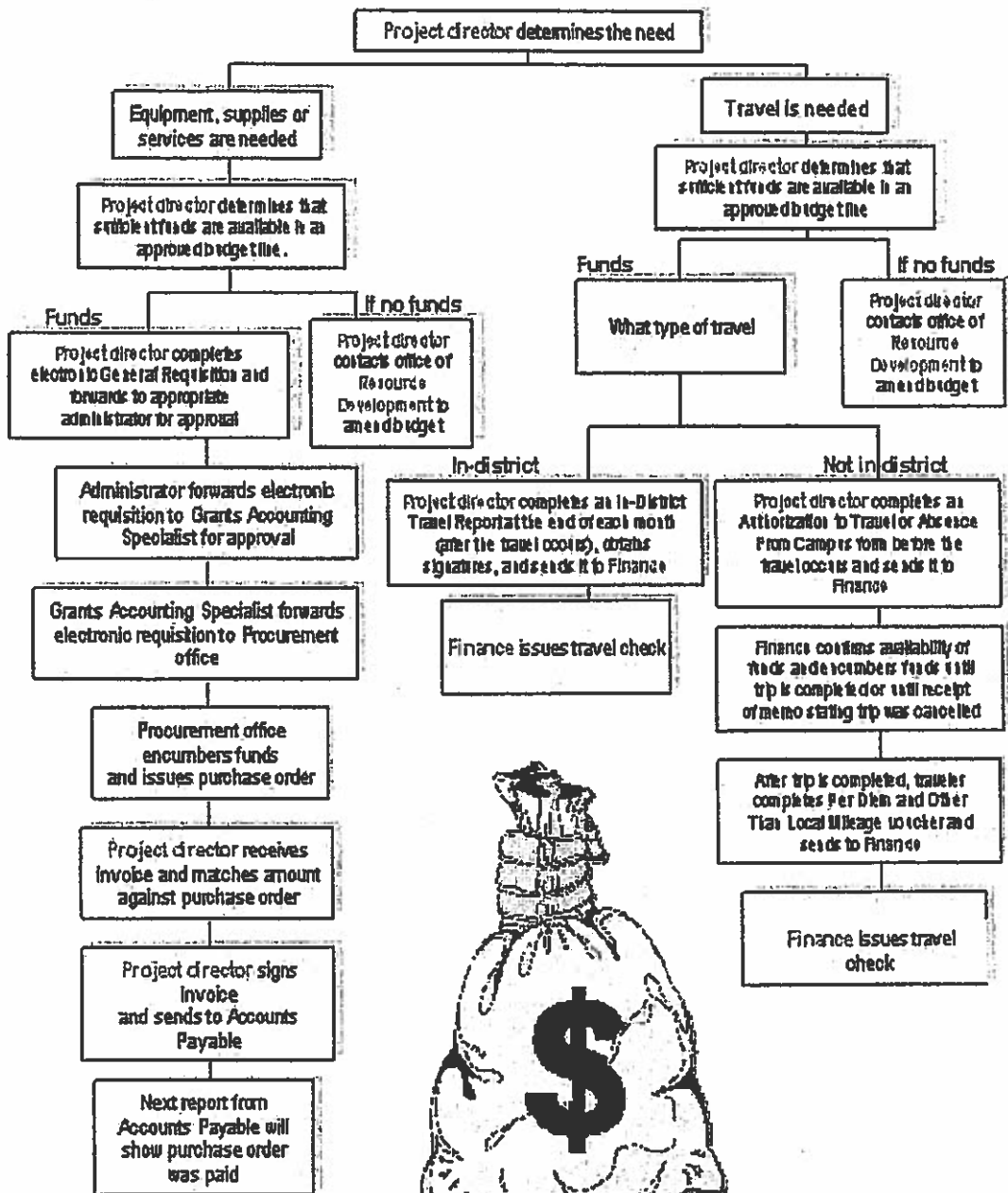
- **Reasonable for the performance of the federal award.** [redacted] staff must consider the following when determining the reasonableness of a cost. A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision to incur the cost was made.

When determining reasonableness of a cost, consider such factors as:

- The restraints or requirements imposed by factors, such as: sound business practices; arm's-length bargaining; federal, state and other laws and regulations; and terms and conditions of the federal award.
- Market prices for comparable goods or services for the geographic area.
- Whether the individuals concerned acted with prudence under circumstances
- Whether [redacted] significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the federal award's cost.

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SPENDING GRANT FUNDS (Non-Personnel)



Property Management¹

Property Classifications

There are 3 classifications of property for [REDACTED]:

- Equipment: Under [REDACTED] law, an item is defined as equipment if it can be expected to serve its principal purpose for at least one year and is equal or greater to \$500 per unit cost in value. For eligible recipients, the amount is \$5,000 per unit cost and value.
- Consumable Supply: An item is defined as a consumable supply if it is a non-technological item valued at less than \$100. As stated on page [#], local recipients may not purchase consumables.
- Non-consumable Supply: An item is defined as a non-consumable supply if it is valued at \$100 or more. Non-consumable items that cost \$500 or more are assigned a property number

All equipment, non-consumable supplies, and technological items (regardless of value) must be inventoried and tagged upon receipt.

Inventory

Inventory Procedure: Property purchased by [REDACTED] is received by [Office/Department], then sent to the [Office/Department] and monitored by the [Office/Department]. A material receipt is completed after items are checked and verified to be in good order. The office for which the item was purchased becomes responsible for the item once it is delivered. Property purchased with [grant] funds at the local level is received by the recipients who are responsible for maintaining and safeguarding the property.

Before equipment or electronic items purchased with [grant] funds that are not already assigned to an individual can be removed from the [REDACTED] building, a “hand receipt” must be filled out and maintained by the Property Manager. The hand receipt documents the person who checked out the item and for what purpose. It is also documented on the hand receipt when the item is returned. For example, if a staff member who has not been provided with, and has not signed for, a laptop wishes to take a laptop to a meeting outside of the [REDACTED] building, that staff member must fill out a hand receipt. In order to no longer be responsible for the item, that staff member must return it to the Property Manager and ensure that the hand receipt is signed and indicates that the item has been returned.

Inventory: A physical inventory of all equipment, non-consumable supplies, and technological items purchased in whole or in part with [grant] funds is conducted every 2 years by the [Office/Department]. [REDACTED] also conducts internal inventories at least once a year. In addition, all [REDACTED] recipients are responsible for conducting their own inventory at least 1 time per year. Equipment and small electronic goods, such as iPads and laptops are tagged with property numbers and may be assigned to individuals. These individuals are responsible for safeguarding the equipment and ensuring it is available and returned for any physical inventory. The Property Manager maintains a list of all items to be inventoried, including a description, identification number and location for the item. During the physical inventory, all items and their location must align with the inventory list.

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Monitoring and Internal Audit¹

The [redacted] Office is responsible for conducting an annual audit of [redacted]'s administration of [grant] funds, as well as monitoring the recipients' compliance with fiscal policies and federal regulations regarding the use of Perkins funds. Additionally, the [redacted] Office conducts fiscal monitoring of [redacted] at least once every three years to ensure compliance with the MOU.

System Level Monitoring

The annual audit of [redacted] generally includes a review of the System's allocation model, indirect cost allocation, and the use of funds. When the audit is complete, the [redacted] Office will draft a report indicating potential noncompliance and recommendations. If the potential noncompliance is severe, [redacted] will complete a corrective action plan to address the potential noncompliance.

Monitoring of Eligible Recipients

[redacted]'s monitoring program is risk-based; however, all recipients will be monitored at least once every six years.

Selection of Recipients to be Monitored

Each July, the [redacted] Office will meet with the [grant] management staff to review recipients' program performance during the prior fiscal year and determine which recipients present the most risk. Those recipients that present the most risk will be selected for monitoring. Risk is assessed based on the following factors:

1. Timeliness of reports (programmatic and fiscal);
2. Issues related to reimbursement requests;
3. Staff turnover at the recipient's institution(s);
4. Major increases in funding;
5. Timing of prior on-site monitoring visit;
6. Prior audit or monitoring findings;
7. Audit coverage of the total allocation; and
8. Input from management and staff.

Notification of On-site Visit

When the recipients have been selected for monitoring, each will be notified in writing that they will receive an on-site monitoring visit within the year. Each [personnel position(s)] will receive the written notification. The notification will provide a general timeline of the monitoring process and what areas will be reviewed for compliance.

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During the Monitoring Visit

During the on-site monitoring visit, a team of [REDACTED] staff members will spend two to four days on-site reviewing the compliance areas outlined in the written notification. [REDACTED] will expect work space and Internet access for at least two staff members.

Exit Conference

After the completion of the on-site review, but before the final audit report is issued, the monitoring team will conduct an exit conference with the recipient. The [REDACTED] Office will contact the recipient's [staff position] to schedule the exit conference, which will either take place on-site or by teleconference. The [staff position] is responsible for inviting the appropriate staff members. During the conference, the monitoring team and the recipient staff members will address any preliminary monitoring findings and any areas of concern.

Reports and Corrective Action Plans

After the monitoring visit and exit conference have been completed, the [REDACTED] Office will draft a monitoring report. The report will state the scope of the review and the basis of each finding or recommendation. A draft report will be sent to the recipient's [staff position(s)]. The recipient has [#] business days from receipt of the report to provide a written response, including a corrective action plan that should address each finding. Once the recipient's response is received and reviewed, or if no findings were indicated, a final report is issued. The final report is sent to the following: [staff position(s)]

Follow-Up on Findings and Corrective Action

The [REDACTED] Office will conduct follow-up audit work with any recipient that received a monitoring finding in the prior year. The extent of the follow-up audit work is determined by the severity and number of audit findings and will be used to determine if the corrective action plan implemented by the recipient has been effective. If it is determined that the corrective action plan was successful, no further follow-up will be required. If the follow-up audit work reveals continued noncompliance, the [REDACTED] Office will make recommendations to [staff position(s)] of what grant conditions (if any) will be put in place to address the noncompliance. The [staff position(s)] will send written notification to the recipient of any grant conditions that will be put into effect and when the conditions will begin. If a recipient's noncompliance does result in grant conditions, during the fiscal year after the fiscal year that the conditions were placed on the grant, the recipient may petition [REDACTED] to conduct further follow-up audit work to determine if the noncompliance has been resolved and the grant conditions can be removed.

Programmatic Fiscal Requirements¹

Supplement Not Supplant

As a requirement of the Perkins statute, funds made available under the Act must supplement and not supplant non-federal funds expended to carry out career and technical education activities. In other words, federal Perkins funds may only be used in addition to funds already spent by the state and recipients on CTE, and cannot be used in place of non-Perkins funds.

It will be presumed that supplanting has occurred where:

- [REDACTED] or one of the recipients uses Perkins funds to provide services that [REDACTED] or one of the recipients is required to make available under another federal, state or local law; or
- [REDACTED] or one of the recipients uses Perkins funds to provide services that [REDACTED] or the recipient provided with non-Perkins funds in the prior year; or
- [REDACTED] or one of the recipients provides services for non CTE students with non-federal funds, and provides the same services to CTE students using Perkins funds.

These presumptions are rebuttable if [REDACTED] or the recipient can demonstrate that it would not have provided the services in question with non-Perkins funds had the Perkins funds not been available.

If presumed supplanting occurred, due to a reduction in nonfederal funds or a change in the state's priorities, [REDACTED] and/or the recipient will create and maintain contemporaneous written documents, such as meeting minutes or itemized budget documents for one year to the next, demonstrating that the decision to not fund an activity with state or local funds was made without regard to the availability of Perkins funds. If [REDACTED] or a recipient uses Perkins funds to support activities that otherwise would be funded with state or local funds, the activities funded must be allowable under Perkins. **All recipients must receive prior approval from the state director to use Perkins funds where non Perkins funds had been used in the past. This prior approval must be maintained by the recipient on file with all other justification documentation.**

Maintenance of Effort

As required by the Perkins statute, [REDACTED], in collaboration with [REDACTED], must be able to demonstrate that the state spent the same amount in state funds on CTE programs from year to year. The calculation may be done on a per-pupil basis (amount spent per CTE student) or on an aggregate basis (the total spent on CTE). [REDACTED] must maintain 100% of the prior year's efforts, unless [REDACTED] receives a smaller allocation from ED. In that case, [REDACTED] may reduce its efforts proportionally.

In computing Maintenance of Effort, the year prior to the current year is compared with the year before that (in 2011, state expenditures from 2010 will be compared with state expenditures in 2009). The computation must exclude capital expenditures, special one-time projects, and the cost of pilot programs.

Maintenance of Effort Report

[REDACTED] requires all recipients to complete a Maintenance of Effort Report each year detailing the amount of state funds used by the recipient to support CTE. Directions for completing the report can be found in Appendix A4. The report is due to [REDACTED] by July 15. If this date falls on a weekend or holiday, the report will be due on the next business day.

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