General Fiscal Considerations

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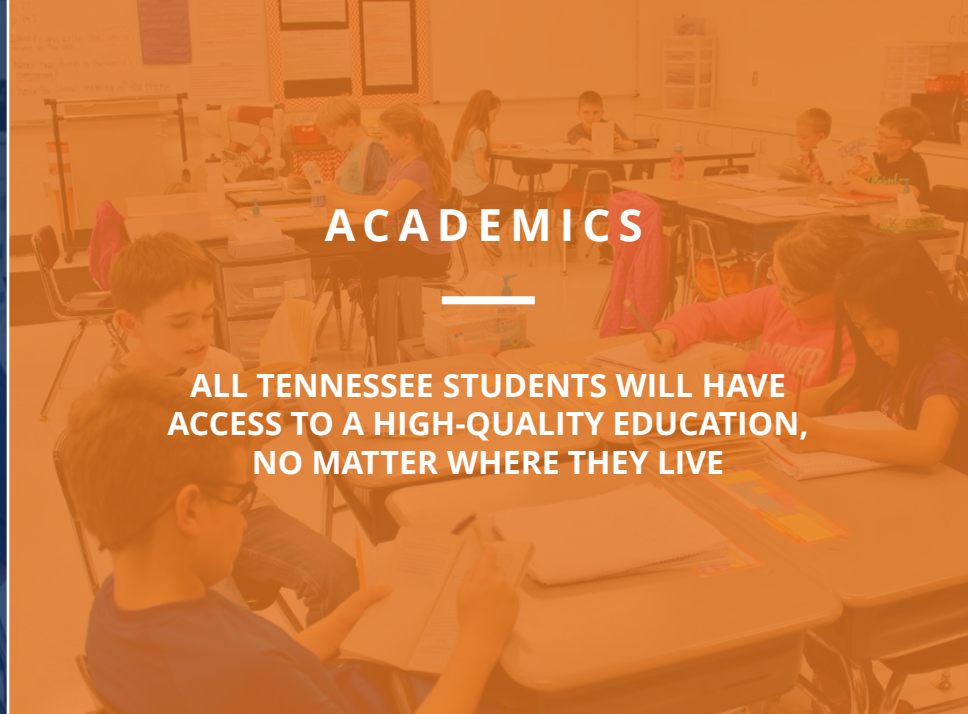*Division of Federal Programs and Oversight*

BEST FOR ALL

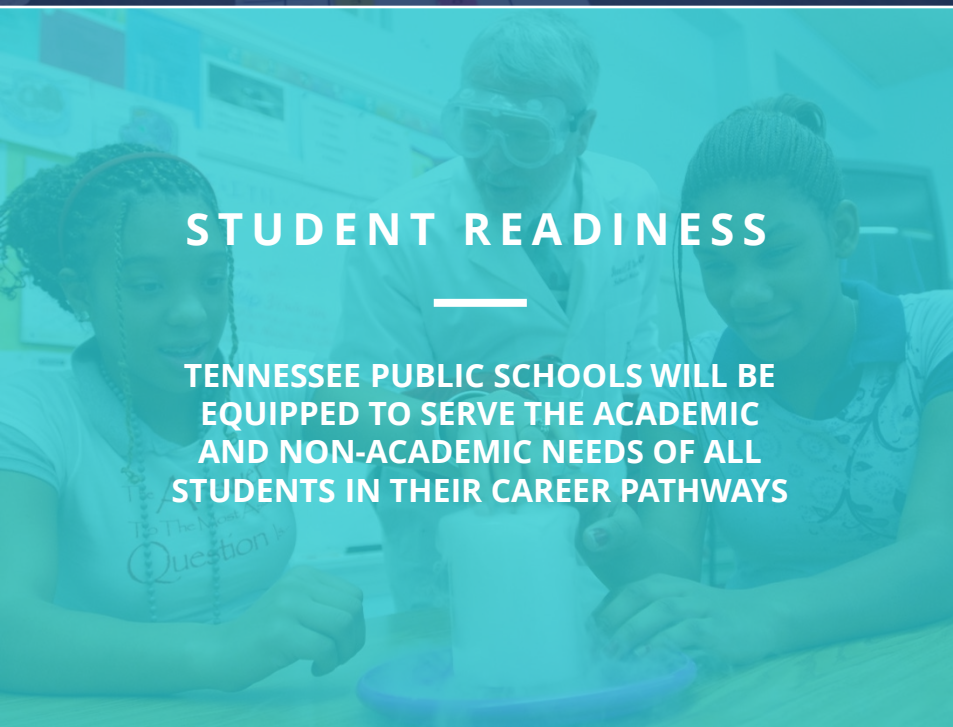We will set all students on a path to success.

ACADEMICS

ALL TENNESSEE STUDENTS WILL HAVE ACCESS TO A HIGH-QUALITY EDUCATION, NO MATTER WHERE THEY LIVE

STUDENT READINESS

TENNESSEE PUBLIC SCHOOLS WILL BE EQUIPPED TO SERVE THE ACADEMIC AND NON-ACADEMIC NEEDS OF ALL STUDENTS IN THEIR CAREER PATHWAYS

EDUCATORS

TENNESSEE WILL SET A NEW PATH FOR THE EDUCATION PROFESSION AND BE THE TOP STATE IN WHICH TO BECOME AND REMAIN A TEACHER AND LEADER FOR ALL
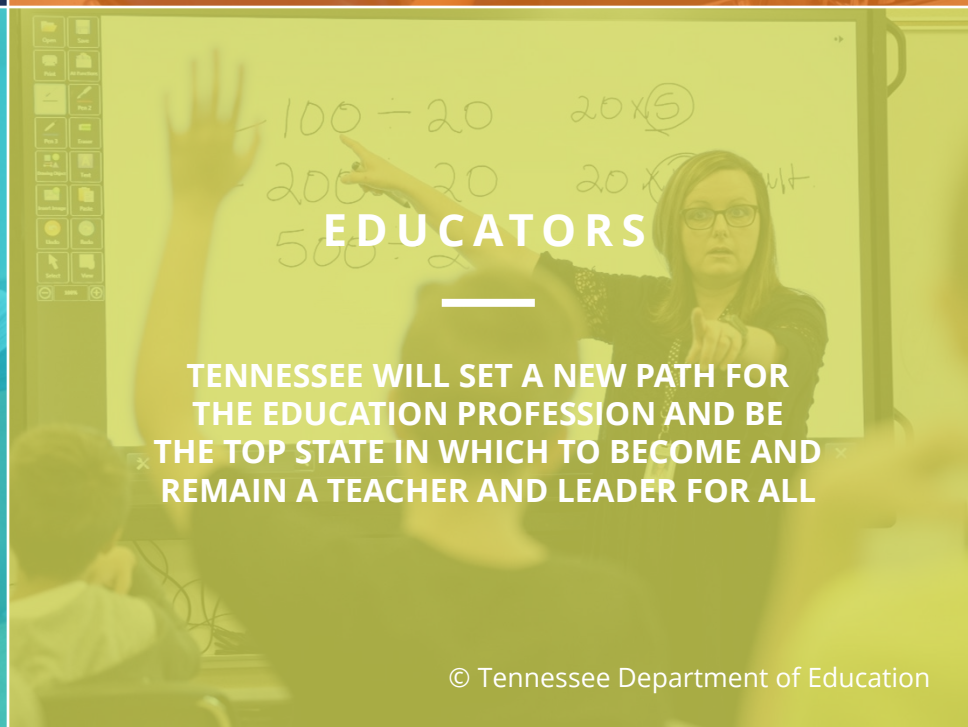
Norms and Expectations

- Take calls and necessary communications outside of the session room.

- Remain engaged.

- Ask questions at conclusion of presentation.

- Complete the session survey before exiting.

- All session slide decks will be available in ePlan > TDOE Resources > Fiscal – District Technical Assistance> 2023 Annual Fiscal Workshop.

- Visit a team member at the registration table if you have questions about the conference.

Agenda

- Overview
- Policies and Procedures
- Financial Management
- Internal Control and Segregation of Duties
- Budgets and Budget Amendments
- Reimbursement Requests
- Cash Management
- General Budget Expectations (Federal)
- Contribution Limits for Admin Costs
- Title I, Part A School Eligibility
- Carryover Limits for ESSA Grants
- ESSA Waivers
- Fiscal Tests for Title I
- Schoolwide Consolidation
- Resources

Overview

General Fiscal
Considerations

Department of
Education

Common Areas for Improvement
(Noted during FY23 Fiscal Monitoring)

- Policies and procedures
- Budgets amendments
- Reporting
  - General ledger (funds/subfunds/cost centers)
  - Alignment of functions and object codes
- Timely completion of FERs and application revisions
- Compliance with Federal regulations pertaining to Davis-Bacon Act

Common Areas for Improvement
(Noted during FY23 Fiscal Monitoring)

- Communication between fiscal staff and federal programs staff
  - Review of expenditure reports
  - Review of payroll charges
  - Reconciliation of personnel to approved positions in ePlan
  - Timely expenditure of funds
  - Regular and timely reimbursement requests
   - Adequate documentation to support requests

Teamwork

- Know your role
- Acknowledge others' roles
- Know how to access resources
- Work together to accomplish goals

Policies and Procedures

Policies and Procedures, What's the Difference?

- A **policy** is a guiding principle used to set direction in an organization.
  - Changes infrequently
  - Is broad and general
  - Generally adopted to help implement laws, rules, and regulations

- A procedure is a series of steps to be followed as a consistent and repetitive approach to implement a policy and/or accomplish an end-result.
  - May regularly change and improve
  - States specifically who, what, when, and how
  - Offers a detailed description of activities
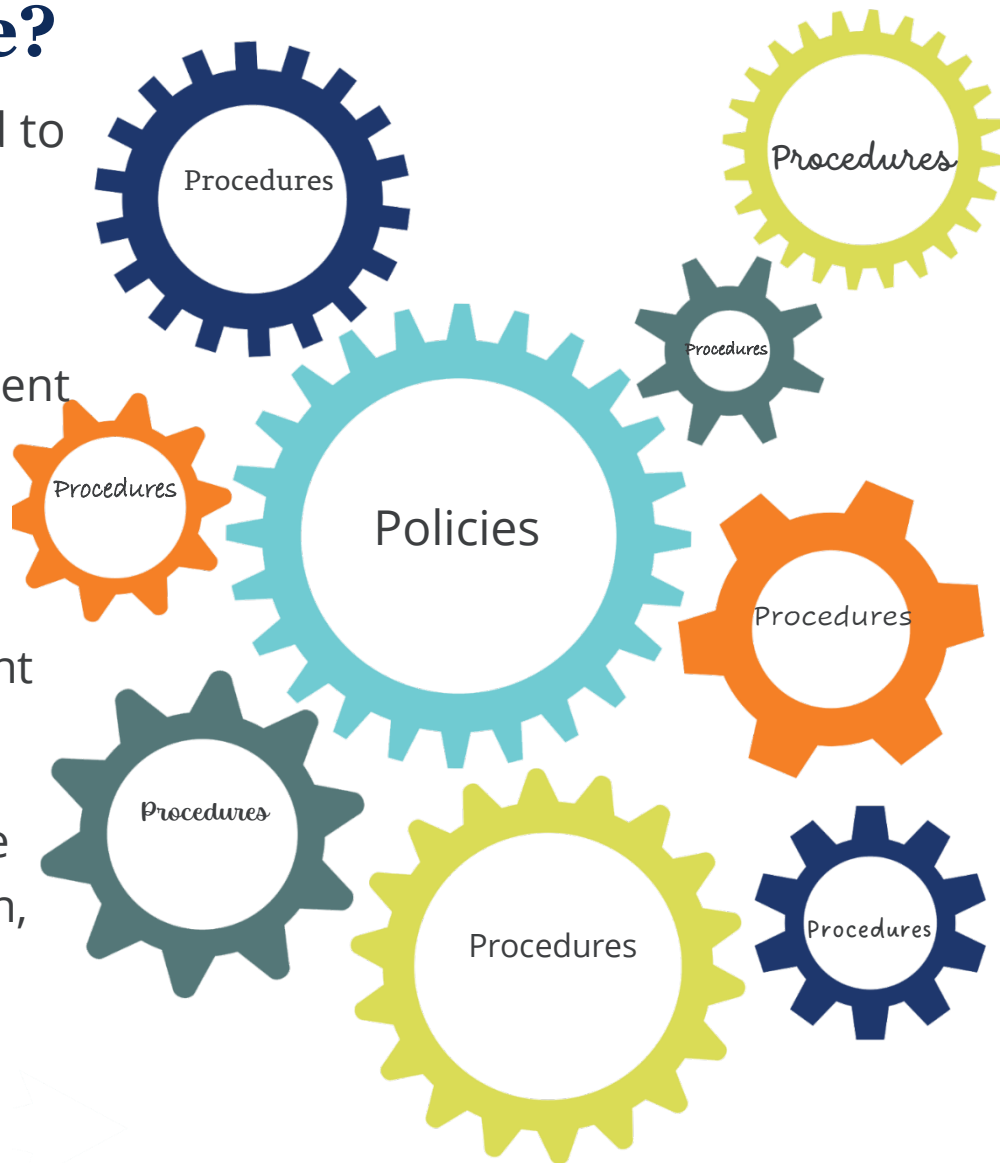
Creating and Updating Policies and Procedures

→

Repeat the process as needed. At a minimum, an annual review is recommended.

Where are your policies? Where are your procedures?

Create a review team

Make assignments to team members

Set a timeline for drafts and updates

Finalize and seek approvals

Policies and Procedures
Required by Federal Regulations and Requested during Fiscal Monitoring

- **Financial Management** (per 2 CFR §§200.302-303, T.C.A. §9-2-102, T.C.A. §9-18-102, T.C.A. §49-3-616)

- **Budgets and Revisions** (per 2 CFR §200.302, 2 CFR § 200.308, T.C.A. §49-2-301, T.C.A §5-9-107)

- **Cash Management** (per 2 CFR §200.302, 2 CFR §200.305)

- **Compensation and Leave** (per 2 CFR §§200.430-431, T.C.A. §§ 49-5-701 to 49-5-811)

- **Personnel** (per 2 CFR §200.430)

- **Travel** (per 2 CFR §200.475)

- **Equipment** (per 2 CFR §200.313)

- **Procurement and Contracts** (per 2 CFR §§200.317-320, 2 CFR §200.407, T.C.A. §49-2-203)

- **Allowability of Costs** (per 2 CFR § 200.302 (7), 2 CFR §§200.403-405)

Financial Management

Department of
Education

Financial Management

- The non-Federal entity's financial management system, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to:
  - permit the preparation of reports required by general and program-specific terms and conditions; and,
  - permit the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award.

  (2 CFR §200.302)

Financial Management

- The financial management system of each non-federal entity must provide for:
  - Identification, in its accounts, of all Federal awards received and expended and the Federal programs under which they were received.
  - Accurate, current, and complete disclosure of the financial results of each Federal award or program.
  - Comparison of expenditures with budget amounts for each Federal award.

    (2 CFR §200.302)

Internal Controls and Segregation of Duties

Internal Controls and Segregation of Duties

- The non-Federal entity must:
  - Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.
  - Internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
    (2 CFR §200.303)

Internal Controls and Segregation of Duties

- ePlan LEA Fiscal Representative has an important role in internal controls through review and approval of application budgets, revisions, and reimbursement requests in ePlan.

- ePlan LEA Authorized Representative has an important role in internal controls through review and approval of application budgets and revisions in ePlan.

- Be mindful of your financial management processes that they incorporate segregation of duties amongst staff.

- Limit access to the accounting system.

- For terminated employees, remove access to accounting system and ePlan no later than last day of work.

- Internal control policies and procedures must be documented. (2 CFR § 200.403-405)

Budgets and Budget Amendments

Budgets and Budget Amendments

- The LEA must have written procedures to demonstrate the sequence of steps in which the LEA completes budget revisions.

  (2 CFR §200.308)

- Federal budgets and budget revisions are submitted via ePlan and shall be approved prior to the LEA obligating the funds.

- All requests for amendments to the school budgets shall be approved by the school board.

  (T.C.A. §5-9-407(a))

Budgets and Budget Amendments

- Except for grants requiring matching funds, in-kind contributions of real property or expenditures beyond the life of the grant, appropriations of federal or private grant funds shall be made upon resolution passed by the local board of education.

- A county board of education or city board of education shall provide a copy of such resolution to the local legislative body as notice of the board's actions within seven (7) days of the resolution's passage. (T.C.A. §49-2-203(b)(15))

- Consult your local policies and procedures which may be more restrictive.

Budgets and Budget Amendments

- During monitoring, the department will ask for current budget reports from your accounting system and compare these to the most recently approved budgets in ePlan.

- Budgets in your accounting system should match the most recently approved budgets in ePlan, with exceptions for recently approved revisions for which amendments are pending approval.

Reimbursement Requests

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Reimbursement Requests

- Monitoring federal funds
  - In accordance with 2 CFR §200.332 (d), all pass-through entities must: "(d) Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved."
    - Includes reviewing financial documentation that supports the reimbursement request

Reimbursement Requests

- Costs must meet the following general criteria to be allowable under Federal awards:
  - Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
  - Be adequately documented.
  - Cost must be incurred during the approved budget period.

Reimbursement Requests

▪ Required Documentation

- Districts are required to maintain documentation that supports their reimbursement requests from state and federal grants.

- Districts are required to provide this documentation when audited and/or monitored, if asked.

- An approved reimbursement request in ePlan does not equate to approval of expenses or approval of backup documentation.

- It is the responsibility of the LEA to ensure that the documentation that is uploaded supports the amount of reimbursement request.

Cash Management

Cash Management

- Procedures for Cash Management (reimbursement of federal funds) must address:
  - Reimbursements are based on disbursements not on obligations.
    - Payroll may be requested in advance and trued up on the next reimbursement.
  - Frequency of reimbursement requests
  - Process for maintaining source documents
  - In the event of advance payments of federal funds:
    - Interest is calculated and remitted if in excess of $500/year
    - Minimize the time elapsing between drawdown and disbursement (72 hours)
  - (2 CFR § 200.302(b)(6), 2 CFR § 200.305)

Cash Management

- Establish regular schedule for requesting funds.
  - Best practice is at least monthly
  - Consider aligning with payroll
- Government Auditing Standards consider a cash deficit in any fund to be a significant deficiency in internal control.
- Consider resolution to transfer funds from General Purpose Schools Fund to Federal Projects Fund to assist with cash management.
- Example Resolution is in ePlan, Fiscal–District Technical Assistance
  - Funds remain as an assigned fund balance in the Federal Projects Fund and may be repaid at any time upon resolution passed by the Board of Education and County Commission.

General Budget Expectations for Federal Programs

TN Department of Education

General Budget Expectations for Federal Programs

All proposed expenditures must be:

- **Reasonable**: The proposed goods and services are not excessive in cost and are based on prudent and sound purchasing practices.

- **Necessary**: The goods and services are essential for carrying out the grant program. The need for goods and services is supported by the needs assessment, District Plans, and School Plans.

- **Allocable**: The goods and services are specifically for the benefit of the grant and meet the program's intent and objectives.

- ***Consider:*** *Are you providing enough detail in your budget narratives for reviewers to see that your purchases meet the above criteria?*

(2 CFR §§200.403-405)

ESSA Grant Contribution Limits for Administration

Grant Contribution Limits for Administration

- Direct costs and indirect costs are to be included in part of this percentage whether the LEA is using Consolidated Administration or Direct Administration.

- Ensure the amount taken out of each grant correlates to the time spent on the grant while staying within the limits.

20 percent	2 percent
• **Title I, Part A** • **Title I, Part A—Neglected** • **Title I, Part C** • **Title I, Part D** • **Title II, Part A** • **Title V, Part B, Subpart 2**	• **Title III, Part A** • **Title IV, Part A**

Title I, Part A School Eligibility

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Title I, Part A, School Eligibility

- **35% Rule**
  - If selected, all schools at or above 35% poverty are eligible for Title I services. **Schools with 40% or more are eligible for school-wide.**
- **District-Wide poverty average**
  - Schools at or above the district-wide poverty average are eligible for Title I services.
- **District-Wide grade-span average**
  - Eligibility is determined by grade span, based on each grade span's poverty average.
  - Schools within grade span at or above the grade-span average are eligible for Title I services.

Title I, Part A School Eligibility

- **High School Priority**
  - The LEA may prioritize high schools with 50% or more poverty.
  - High schools with 75% or more poverty are still given priority, but high schools between 50% and 74% are given priority over all other schools.

- **Additional options for grandfathered schools:**
  - School-Wide Grandfathered (SWG)
  - Targeted Assisted Grandfathered (TAG)

Carryover Limits for ESSA Grants

Carryover Limits

- Only final *original allocations* and *original transfers in* are included for carryover calculation. (The LEA would not include carryover funds from the preceding year.)

  Title I, Part A & Part A-Neglected = **15%**

  Title I, Part D = **15%**

  Title II =   **100%**

  Title III =   **25%**

  Title IV =   **100%**

  Title V =   **100%**

  Title IX =   **25%**

ESSA Waivers

Waivers Associated with ESSA

- Submitted in **ePlan > Data and Information Tab Federal Program Waiver Request**
- For carryover funds that exceed the allowed percentage, a carryover waiver can be filed <u>once every 3 years</u>.
  - Title I, Part A & Part A-Neglected **15%**
  - Title I, Part D **15%**
  - Title III **25%**
  - Title IX, Part A (McKinney-Vento) **25%**
- If the LEA receives a waiver, the excess carryover can be spent during the following school year.
- Title I School-Wide Program Waiver
  - To make schools Title I eligible that are below 40%

Fiscal Tests for Title I

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Fiscal Tests for Title I

- Comparability
  - Comparability is a test to ensure that services provided from state and local funds, taken as whole, are comparable between Title I and non-Title I schools.

- Supplement, Not Supplant
  - To demonstrate compliance with the Title I, Part A supplement not supplant provision for LEA and school-level expenditures, LEAs must annually demonstrate the methodology used to allocate state and local funds to all schools in a "Title I neutral" manner.

- Maintenance of Effort
  - An LEA may receive funds under Title I, Part A for any fiscal year only if either the combined fiscal effort per student or the aggregate expenditures of the LEA for the preceding fiscal year was not less than 90% of the combined fiscal effort or aggregate expenditures for the second preceding fiscal year.

Title I Schoolwide Consolidation (a funding strategy)

Benefits Seen by Participating Schools

- The underlying purpose of the schoolwide approach is to enable schools with high numbers of at-risk children to integrate the services they provide to their children from Federal, State, and local resources.

- More funds available for needed staff

- Less funds required to be used for grant-specific purposes and more for needs of students in each school

- Less time spent on determining allowability of expenditures

- No expenditure-by-expenditure reviews by auditors

Federal Funds Eligible for Consolidation or Pooling

- Any federal funds administered by the United States Department of Education (USEd) that can be used to support students in public schools
  - Formula funds such as
    - Title I, Part A
    - Title II, Part A
    - Title III, Part A
    - Title IV, Part A
    - IDEA, Part B
    - Perkins
  - Discretionary (competitive) funds
    - Must still complete activities within the funding application
- Head Start and National School Lunch **CANNOT** be included because they are not administered by USEd

Resources

TDOE Resources in ePlan

Fiscal - District Technical Assistance
- 2023 Annual Fiscal Workshop
- 2022 Spring Fiscal Workshop
- Cross-Cutting Fiscal Materials
- Templates for Uploading into ePlan
- Year-end Close One Pagers

Accounting for Education Technology Expenditures
TN Comptroller of the Treasury: Chart of Accounts
CCEIS for Spring Fiscal Workshops
Federal Revenue Codes and Sub-funds
FY22 Daily Rates for Residential Mental Health Facilities
Local Education Agencies 2021 Health Insurance Benefits
Local Finance Office Hours Link
Per Pupil Expenditure Reporting_FAQ FY20
Prior Period Expense Entries - Journal Entries
Release of Funds Form
Resolution to Transfer to Federal Projects - Template
Returning Funds to the State
SNS Methodology Monitoring 2020-21
State Minimum Salary Schedule FY2022-23
State Minimum Salary Schedule FY2021-22
Summer Learning Camp 2023 Economically Disadvantaged Percentages
TN Compass December 1 Report
TISA Calculator

Office Hours

Local Finance

- **Tuesdays 10 - 11 a.m. CT | 11 a.m. - 12 p.m. ET.**
Join via Microsoft Teams: [Click HERE to join the meeting](#) | Meeting ID: 224 112 731 254 | Passcode: X47t4h
Or Call in (Audio only): [+1 (615) 270-9704](#) | Phone Conference ID: 916 098 92#

- **Federal Programs and Oversight (FPO) Office Hours**
Mondays from 12 - 1 p.m. CT | 1 - 2 p.m. ET
Dates and login information for FPO office hours can be found [here](#).

Regional Finance Consultant District Map
As of 5/1/2023

Northwest	Southwest	Mid Cumberland	Upper Cumberland	South Central	Southeast	East TN	First TN
Holly Kellar		Rob Mynhier		Taffe Bishop		Jill Lewis	
Holly.Kellar@tn.gov		Robert.Mynhier@tn.gov		Taffe.Bishop@tn.gov		Jill.Lewis@tn.gov	
*Districts that are assigned to a finance consultant in a different CORE region.							

TN Department of Education

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Regional Finance Consultant District Assignment
As of 5/1/2023

Northwest	Southwest	Mid Cumberland	Upper Cumberland	South Central	Southeast	East TN	First TN
Holly Kellar		**Rob Mynhier**		**Taffe Bishop**		**Jill Lewis**	
Holly.Kellar@tn.gov		Robert.Mynhier@tn.gov		Taffe.Bishop@tn.gov		Jill.Lewis@tn.gov	
Districts: Alamo City Bells City Benton County Bradford SSD Carroll County Crockett County Dyer County Dyersburg City Gibson County SSD Henry County Hollow Rock-Bruceton SSD Humboldt SSD Huntingdon SSD Lake County McKenzie SSD Milan SSD Obion County Paris SSD South Carroll SSD Trenton SSD Union City Weakley County West Carroll SSD	**Districts:** Achievement Schools Arlington SSD Bartlett SSD Chester County Collierville SSD Fayette County Germantown SSD Hardeman County Haywood County Henderson County Lakeland SSD Lauderdale County Lexington City McNairy County Millington Shelby County Tipton County WTSD	**Districts:** Cheatham County Charter Schools Commission Dickson County Dept. of Children Services Dept. of Corrections Franklin SSD Houston County Humphreys County Lebanon SSD Metro-Nashville Montgomery County Murfreesboro City Robertson County Rutherford County Stewart County Sumner County TN School for Blind Williamson County Wilson County *Jackson-Madison County	**Districts:** Alvin York Institute Bledsoe County Cannon County Clay County Cumberland County DeKalb County Fentress County Jackson County Macon County Overton County Pickett County Putnam County Smith County Trousdale County Van Buren County Warren County White County	**Districts:** Bedford County Coffee County Fayetteville City Franklin County Giles County Hickman County Lawrence County Lewis County Lincoln County Manchester City Marshall County Maury County Moore County Perry County Tullahoma City Wayne County *Decatur County *Hardin County	**Districts:** Athens City Bradley County Cleveland City Dayton City Etowah City Grundy County Hamilton County Marion County McMinn County Meigs County Polk County Rhea County Richard City Sequatchie County *Lenoir City *Loudon County *Monroe County *Sweetwater City	**Districts:** Alcoa City Anderson County Blount County Campbell County Claiborne County Clinton City Jefferson County Knox County Maryville City Morgan County Oak Ridge Oneida SSD Roane County Scott County Sevier County TSDK Union County	**Districts:** Bristol City Carter County Cocke County Elizabethton City Greene County Greeneville City Hamblen County Hancock County Hawkins County Johnson City Johnson County Kingsport City Newport City Rogersville City Sullivan County Unicoi County Washington County *Grainger County

*Districts that are assigned to a finance consultant in a different CORE region.

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Andrew.Mccluskey@tn.gov

Divisional Coordinator Map

West	Middle	East	20 LEAs with Largest Enrollment
ESEA: Lynn Dotson IDEA: Janet Michelle Mansfield	ESEA: *(Vacant)* Heather Farley IDEA: Brett Printz	ESEA: Henry LaFollette IDEA: Melanie Lamberson	ESEA: Heather Farley IDEA: Jamie Eldridge

Resources

- Tennessee Department of Education Education (tn.gov)
- Tennessee State Board of Education Rules, Policies and Guidance (tn.gov)
- ePlan TDOE Resources https://eplan.tn.gov/
- Electronic Code of Federal Regulations eCFR :: Home
- Tennessee Code Annotated Tennessee Code Unannotated – Free Public Access | Main Page (lexis.com)
- Tennessee Comptroller of the Treasury Manuals (tn.gov)
- Tennessee Consolidated Retirement System https://treasury.tn.gov/Retirement/Information-and-Resources/TCRS-Overview-and-Self-Service
- Tennessee General Assembly Legislation - TN General Assembly
- County Technical Assistance Service (CTAS) Record Retention https://www.ctas.tennessee.edu/eli/department-education-records

Fraud, Waste or Abuse

Citizens and agencies are encouraged to report fraud, waste, or abuse in State and Local government.

NOTICE: This agency is a recipient of taxpayer funding. If you observe an agency director or employee engaging in any activity which you consider to be illegal, improper or wasteful, please call the state Comptroller's toll-free Hotline:

1-800-232-5454

Notifications can also be submitted electronically at:

comptroller.tn.gov/hotline

Thank You!