

**Implementation of the New EDGAR**

Office for Grants and Federal Fiscal Compliance  
Texas Education Agency

ESC Cluster Site  
Implementation Training

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**Agenda**

- ▶ Introduction
- ▶ Written Policies and Procedures
- ▶ Comparison of Federal and State Requirements
- ▶ Changes to the Grant Applications
- ▶ Expenditure Reporting

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**Agenda (continued)**

- ▶ New TEA Policies and Procedures
- ▶ TEA Point of Contact for Selected EDGAR Requirements
- ▶ Next Steps for TEA and Subgrantees
- ▶ Closing and Questions

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**Introduction**

- Purpose of the Training
- Brief Overview of new EDGAR
- TEA Actions to Date
- Upcoming Deadlines Related to EDGAR Compliance
- Resources Available



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**Purpose of the Training**

- ▶ To provide information to subgrantees that will help them prepare for the implementation of the new Education Department General Administrative Regulations (EDGAR)



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**Brief Overview of the New EDGAR**

Why was EDGAR changed?

- ▶ Reduce fraud, waste, and abuse
- ▶ Simplicity and consistency
- ▶ Increase efficiency
- ▶ Strengthen oversight



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### New EDGAR

Title 34

- ▶ Part 75—Direct Grant Programs
- ▶ Part 76—State-Administered Program
- ▶ Part 77—Definitions
- ▶ Part 81—General Education Provision Act

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### New EDGAR (continued)

Title 2

- ▶ Part 200—Administrative Rules, Cost Principles and Audit Rules
- ▶ Part 3474—USDE Exceptions and Adopts Part 200 into EDGAR
- ▶ Part 3485—Debarment and Suspension

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### 2 CFR Part 200

- ▶ **Subpart A**—Acronyms and Definitions
- ▶ **Subpart B**—General Provisions
- ▶ **Subpart C**—Pre-Award Requirements
- ▶ **Subpart D**—Post-Award Requirements
- ▶ **Subpart E**—Cost Principles
- ▶ **Subpart F**—Audit Requirements
- ▶ Appendices I-XI

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### 2 CFR Part 200

"Old" EDGAR	"New" EDGAR after 12/26/14
OMB Circulars A-89, A-102, A-110	2 CFR Part 200, Subparts B, C, and D
OMB Circulars A-21, A-87, A-122	2 CFR Part 200, Subpart E
OMB Circulars A-133, A-50	2 CFR Part 200, Subpart F
EDGAR Parts 75 to 99	EDGAR Parts 75-79 and 81-99
EDGAR Parts 74 and 80	Incorporated into EDGAR

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### The Major Changes in Federal Grants Management

1. A Focus on Outcomes
2. Performance Metrics
3. Risk Assessments
4. Financial Management Policies
5. Equipment Use




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### The Major Changes in Federal Grants Management

6. Micro Purchases
7. Corrective Actions
8. Family Friendly Policies
9. False Claims Certifications
10. Audit Thresholds




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## New EDGAR Effective Date

- ▶ **Effective December 26, 2014**
- ▶ Applies to all **new** federal awards to TEA on or after this date
- ▶ Carryover funds follow *current* rules



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## The New EDGAR Web Page



Navigation menu items: About TEA, Curriculum & Instructional Materials, **Finance & Grants**, Reports & Data, Student Testing & Accountability.

Under Finance & Grants:

- Financial Accountability
  - Financial Exigency
  - Financial Integrity Rating System of Texas
  - Financial Solvency Review
  - Resource Guide (FASRG)
- Financial Compliance
  - Annual Financial and Compliance Reports (AFRs)
  - Electronic Submissions
  - Depository Contracts for Charter Schools
  - Depository Contracts for School Districts
- Grants
  - Applying for a Grant
  - Grants Awarded
  - Administering a Grant** (indicated by a red arrow)
  - Federal Flexibility Initiative
  - Compliance and Reporting
  - Federal Fiscal Monitoring



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## Unofficial EDGAR Document



Page title: **Administering a Grant**

Content summary:

Once you receive your grant funds, you begin the complex process of administering your grant. You must follow regulations that govern how to document changes you make to your program, how to properly budget and expend grant funds, and how to meet the requirements outlined in your grant agreement. TEA publishes various resources to assist you with the fiscal aspects of grant administration.

**The New EDGAR**

On December 26, 2014, new regulations from the Office of Management and Budget (OMB), codified as Title 2 of the Code of Federal Regulations (2 CFR) Part 200, were incorporated into general federal regulation. This change resulted in major updates to 34 CFR, also known as the Education Department General Administrative Regulations (EDGAR). The regulations previously contained in 34 CFR Parts 74 and 80 are replaced by 2 CFR 200, and the updates to 34 CFR are known as the new EDGAR.

Refer to [This New EDGAR](#) page of the TEA website for details on the new regulations, including their effective/applicability date, purpose, a list of the OMB circulars they replace, and links to related TEA grantee guidance.

**The New EDGAR in PDF**

For your convenience, TEA has compiled all parts of the new EDGAR (24 CFR 75, 34 CFR 76, 34 CFR 77, 34 CFR 81, 2 CFR 200, and 2 CFR 3474) into a single document. This PDF version of the new EDGAR is unofficial and not legally binding. It was prepared for review and discussion purposes.

Navigation: Home, A-Z Index, Sign Up for Updates, Contact

Grants sidebar:

- Applying for a Grant
- Grants Awarded
- Administering a Grant** (highlighted)
- Enforcement Actions and Opportunity for Hearing
- OMB A-47
- Request to Extend Expenditure Reporting Deadline
- Substitute System of Time and Effort Reporting
- Federal Flexibility Initiative
- Compliance and Reporting
- Federal Fiscal Monitoring
- Training and Other Resources

Related Content sidebar:

- Quick Links
- Commitments
- General and Fiscal Guidelines
- Substitute System of Time and Effort



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### Upcoming EDGAR Training

- ▶ ESC Cluster Site Training Sessions
  - March 27, 2015, at ESC 4 (Houston)
  - April 14, 2015, at ESC 17 (Lubbock)
  - April 16, 2015, at ESC 20 (San Antonio)
  - April 21, 2015, at ESC 10 (Richardson)
  - April 22, 2015, at ESC 7 (Kilgore)

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### Upcoming Deadlines Related to EDGAR Compliance

- By designated deadlines
- ▶ Submit survey of real property/reporting
  - ▶ Submit grant applications following new EDGAR regulations

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### Upcoming Deadlines Related to EDGAR Compliance

- July 1
- ▶ Policies
  - ▶ Procedures
  - ▶ Internal Control Systems
  - ▶ Training staff
  - ▶ Documentation system

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### Resources Available

- ▶ USDE EDGAR web page at [ed.gov](http://ed.gov)
- ▶ TEA EDGAR web page
- ▶ COFAR at [cfo.gov/cofar](http://cfo.gov/cofar)

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### Written Policies and Procedures

The Importance of Policies and Procedures  
Written Policies and Procedures Required by EDGAR  
Writing Policies and Procedures



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### The Importance of Policies and Procedures

- ▶ New EDGAR Requirements
- ▶ Internal Control
- ▶ Audits and Monitoring
- ▶ See handout #1

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### Key Written Policies and Procedures Required by EDGAR

- ▶ Cash Management Procedures for Payment
- ▶ Allowability of Cost
- ▶ Conflict of Interest
- ▶ Procurement
- ▶ Travel

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### Cash Management Procedures for Payment

- 200.302(b)(6) and 200.305
- ▶ Minimize time between drawdown from TEA and disbursement
  - ▶ Cash Advance and/or Reimbursement
  - ▶ Insured, interest-bearing accounts for federal funds

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### Cash Management Procedures for Payment — **NEW**

Reimbursement – may draw down from TEA on the day the payment is mailed, delivered, or electronically delivered

Cash Advance – may draw down from TEA prior to making the payment; cash on hand three days or less

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### Allowability of Costs Procedures

200.302(b)(7)

- ▶ Procedures to include determining allowable costs from the planning process, procurements, time and effort, and expenditure of funds

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### Conflict of Interest Policy

200.112 Conflict of Interest

- ▶ USDE – must establish conflict of interest policies
- ▶ All subgrantees must establish conflict of interest policies and disclose in writing any potential conflict of interest

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### Procurement Procedures

200.319(c) Competition and procurement transactions

- ▶ Not restrict competition
- ▶ Identify all requirements and factors in evaluating bids/proposals
- ▶ Prequalified lists of vendors maintained current and provide open and free competition; don't preclude potential vendors being added

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### Procurement Policy

- ▶ Must include whether grantee is implementing the one-year grace period for implementing the procurement rules in new EDGAR
  
- ▶ Not very different for LEAs

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### Travel Policy

- 200.474(b) Travel Costs
- ▶ Define reasonable and allowable costs to be reimbursed
    - Including whether reasonable temporary dependent care beyond regular dependent care is allowable
  - ▶ Participation of individual is necessary
  - ▶ Documentation required

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### Writing Policies and Procedures

- Getting Started
- ▶ Gather existing policies and procedures
  - ▶ Research what is available from other similar organizations
  - ▶ Determine who needs to be involved

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**Steps in the Process**

1. Develop a timeline for the process
2. Review existing policies and procedures
3. Develop questions
4. Schedule interviews with relevant staff
5. Gather information on actual practices

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**Steps in the Process (continued)**

6. Draft policies and procedures
7. Review internally with appropriate staff
8. Revise
9. Formally adopt and implement
10. Use for staff training
11. Monitor implementation of policy/procedure

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**Developing a Policies and Procedures Manual**

Recommendation

- ▶ One manual that addresses all requirements that apply to federal and state grants
- ▶ Has a consistent format
- ▶ Is applicable to all federal programs

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**Areas to Include, minimally**

- Organization, Structure and Function
- Grant Application Process
- Financial Management System
- Procurement
- Inventory/Property Management
- Time and Effort

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**Areas to Include (continued)**

- Record Keeping/Record Retention
- Monitoring
- Audit Resolution
- Programmatic Fiscal Requirements
- Programmatic Requirements
- Other

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**Previous Versions of Policies and Procedures**

- Ensure all polices and procedures have effective dates
- Keep older versions of policies and procedures

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## Comparison of Federal and State Requirements

Procurement – EDGAR and FASRG  
Travel – EDGAR and State/Local Policies



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### Follow most restrictive requirement

- ▶ The state or LEA may have a more restrictive policy or requirement
- ▶ Always follow the more restrictive requirement
  - ...in order to be allowable under Federal awards:  
Be consistent with policies and procedures that apply uniformly to both federally-funded and other activities of the non-Federal entity.  
2 CFR 200.403(c)



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### Procurement – EDGAR and FASRG

- ▶ Follow EDGAR requirements unless the state procurement rules are more restrictive
- ▶ Refer to FASRG for state procurement rules
- ▶ Refer to handout #2



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### Travel – EDGAR and State/Local Policies

**EDGAR**

- ▶ Actual costs, per diem, or combination

**State**

- ▶ Actual costs only

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### Changes to the Grant Applications

NOGA Supplement  
 Revised Provisions and Assurances and General  
 and Fiscal Guidelines  
 Application Schedules  
 Flexibility with Accountability




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### NOGA Supplement

- ▶ Familiar one-page NOGA
- ▶ Second page supplement
  - Federal Award Information Number
  - GAN date to state
  - Cumulative amount of total GAN to state
  - Project description of federal program
  - USDE name as federal awarding agency, TEA as pass-through
  - CFDA Number and Name

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### NOGA Supplement

- ▶ Second page supplement
  - Identify whether a research and development grant award
  - Indirect cost rate of the grantee
  - All program requirements
  - Grantee allows USDE, TEA, and auditors access to records
  - Terms and conditions of closeout process

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### Revised Provisions and Assurances and General and Fiscal Guidelines

- ▶ Added Definitions
- ▶ Updated Citations
- ▶ Revised Sections to Comply with EDGAR

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### Application Schedules

NCLB Consolidated Application

- ▶ New attachment for consolidating federal, state, and local funds to identify the amounts to be consolidated in the aggregate at the LEA level

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### Application Schedules

In general

- ▶ Deleting Congressional District, CCR CAGE code and expiration
- ▶ Budget schedules not require as detailed descriptions of items of cost, especially when not required in EDGAR
- ▶ Some changes to program schedules possible

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### Certification Statement

Adds references to general provisions and assurances, debarment and suspension certification, lobbying certification requirements, and special provisions and assurances

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### Budget Schedules

Delete specific approval for

- ▶ Contracted publication and printing costs
- ▶ ESC charges related to internal service funds
- ▶ Technology hardware not capitalized
- ▶ Technology software not capitalized
- ▶ Indemnification compensation for loss or damage

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### Budget Schedules

- ▶ Deleted supplies and materials for advisory councils (advisory council not allowed unless in statute, i.e., Migrant PAC)
- ▶ Deleted subgrants options (not appropriate to most USDE grants)
- ▶ Revised travel for students (requires USDE written approval on file with the subgrantee)

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### Budget Schedules

- ▶ Revised travel for nonemployees (requires USDE written approval on file with the subgrantee)
- ▶ Stipends for nonemployees require an explanation
- ▶ Deleted actual losses could have been covered by permissible insurance (now unallowable)

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### Budget Schedules

- Expect to justify, regardless of Ed-Flex
- ▶ Field trips
  - ▶ Hosting conferences
  - ▶ Out-of-state travel

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### Direct Grant Applications

- ▶ More detailed application schedules may be required for direct grants from USDE, under 34 CFR Part 75

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### More Flexibility in Application, with more Accountability

- ▶ All expenditures must be reasonable, necessary, and allocable to the federal award
- ▶ All expenditures must be properly documented
- ▶ All assets must be adequately safeguarded and used solely for authorized purposes

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### 200.404 – Reasonable

Consideration must be given to

- ▶ Whether cost is a type generally recognized as ordinary and necessary for the operation of the non-Federal entity or the proper and efficient performance of the Federal award
- ▶ The restraints or requirements imposed such as
  - Arms length bargaining (hint: procurement processes);
  - Federal, state and local laws; and
  - Terms of the grant award

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### 200.404 – Reasonable (continued)

Consideration must be given to

- ▶ Market prices for comparable goods or services in the geographical area;
- ▶ Whether the individuals acted with prudence under the circumstances considering their responsibilities; and
- ▶ No significant deviation from established practices and policies

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### 200.404 – Reasonable (continued)

Practical Questions

- ▶ Do I really need this?
- ▶ Is the expense targeted to valid programmatic/administrative need?
- ▶ Is this the minimum amount I need to spend to meet my need?
- ▶ Do I have the capacity to use what I am purchasing?
- ▶ Did I pay a fair rate?
- ▶ If I were asked to defend this purchase, would I be able to?

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### 200.403/404 – Necessary

- ▶ Costs must be necessary for the performance of the federal award
- ▶ Costs are necessary for the operation or proper and efficient performance of the federal award

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### 200.403/404 – Necessary (continued)

#### Practical Questions

- Is this identified in the plan?
- Do I have the capacity to use what I am purchasing?
- If I were asked to defend this purchase, would I be able to?
- Would it just be nice to have?

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### 200.405 – Allocable

- ▶ A cost is allocable to a Federal award or cost objective if the goods or services involved are chargeable or assignable in accordance with relative benefits received
  - Incurred specifically for the award;
  - Benefits both award and other work and can be distributed in proportions that may be approximated using reasonable methods; and
  - Necessary to the overall operation of the entity and assignable to the award in accordance with this Part

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### 200.405 – Allocable (continued)

- ▶ Can only charge in proportion to the value received by the program
- ▶ Example: Agency purchases a computer to use 50% on the Federal grant program and 50% on a state program – can only charge half the cost to the federal grant

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### 200.403 – Factors Affecting Allowability

- ▶ Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity
- ▶ Be accorded consistent treatment
- ▶ Can not charge cost as both direct and indirect
- ▶ Be determined in accordance with GAAP
- ▶ Not be used to meet cost sharing or matching

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### 200.403 – Adequately Documented

- ▶ Amount of funds under grant
- ▶ How the funds are used
- ▶ Total cost of the project
- ▶ Share of costs provided by other sources
- ▶ Records that show compliance and performance
- ▶ Other records to facilitate an effective audit (see 34 CFR 76.730)

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### 200.303 – Effective Controls

- ▶ Controls over and accountability for all funds, property, and assets
- ▶ Must adequately safeguard all assets and assure solely used for authorized purpose
- ▶ Supplies and computing devices technically not on inventory, but must be safeguarded and tracked

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### 200.303 – Effective Controls (continued)

- ▶ Practical questions to identify risks needing stronger controls
  - What could go wrong?
  - How could we fail?
  - What decisions require the most judgment?
  - What activities or functions are the most complex?
  - What activities are regulated?

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### 200.303 – Effective Controls (continued)

- ▶ Practical questions to identify risks needing stronger controls
  - On what do we spend the most money?
  - On what information do we rely the most?
  - What assets do we need to protect?
  - How could someone or something disrupt our operations?
  - Is our IT system vulnerable to cyber attacks?

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### Table Discussion

- ▶ Using the practical questions to identify areas of risk, identify 3-5 areas of potential risk within an LEA
  
- ▶ 10 minutes

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## Expenditure Reporting

Certification Statement  
Payments



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## Certification Statement

200.415

- ▶ To assure expenditures are proper and in accordance with terms and conditions of grant award
- ▶ Authorized official of grantee required to certify the annual and final expenditure reports or vouchers requesting payment
- ▶ TEA will require certification on each ER request



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## Certification Statement (continued)

*“By signing this report, I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the Federal award.*

(continues)



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### Certification Statement (continued)

*I am aware that any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil or administrative penalties for fraud, false statements, false claims or otherwise.”*

(U.S. Code Title 18, Section 1001 and Title 31, Sections 3729–3730 and 3801–3812).

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### 200.305 – Payment

- ▶ For all non federal entities, payments must minimize time elapsing between drawdown from ER and disbursement (not obligation)

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### 200.305 – Payment (continued)

- ▶ Written procedures must describe whether non-federal entity uses
  - Advance Payments (preferred)
  - Reimbursement

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**200.305 – Payment (continued)**

- ▶ Advances must be maintained in insured accounts
- ▶ Pass through cannot require separate depository accounts
- ▶ Accounts must be interest bearing unless
  - Aggregate federal awards under \$120,000
  - Account not expected to earn more than \$500 per year
  - Bank requires minimum balance so high, that account not feasible
  - A foreign government or banking system prohibits interest bearing accounts

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**200.305 – Payment (continued)**

- ▶ Interest amounts up to \$500 may be retained by non federal entity for administrative purposes
  - Previously \$100 for State and local governments
  - Previously \$250 for IHEs and Non-profits.
- ▶ Interest earned must be remitted annually to federal HHS Payment Management System

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**200.305 – Payment (continued)**

- ▶ 30 days to comply with refund due
- ▶ If not compliant, an enforcement action to withhold future payments will be implemented (See 200.338)
- ▶ Opportunity for hearing with all enforcement actions

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## New TEA Policies and Procedures

- Reporting of Real Property
- Professional Services
- Documentation for Personnel Expenses
- EDGAR Cost Principles
- Monitoring of Subgrants



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### 200.329 – Reporting of Real Property

- ▶ New focus
- ▶ New process – applicable primarily to old grants where real property may have been allowed
- ▶ Not currently allowable cost
- ▶ Survey later this spring
- ▶ Annual reporting afterward



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### 200.459 – Professional Services

- ▶ Professional and consultant services are allowable when reasonable and the following factors are considered
  - Nature and scope is relative to the service required
  - The contract is necessary because the non-federal entity's capability in the area
  - The past pattern of such contact costs
  - The impact of the federal award



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### 200.459 – Professional Services

- Whether the proportion of federal grant work to the other total business is such to influence the entity in incurring the cost
- Whether the service can be performed more economically by direct employment
- Qualifications of the contractor and customary fees charged
- Adequacy of the contract agreement for the service
- ▶ Fees must be supported by evidence of services being rendered

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### Professional Services

- ▶ New guidance from TEA for negotiating and signing professional services contracts
- ▶ Refer to handout #3

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### 200.430(i)(1) – Documentation for Personnel Expenses

Who must participate?

- ▶ Time and effort must be maintained for all employees whose salaries are
  - Paid in whole or in part with federal funds
  - Used to meet a match/cost share requirement
  - NOT contractors

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### Does This Employee Have to Keep Time and Effort Records?

Is she/he an employee?			
I don't know	No	Yes	
Ask HR	No T&E Required	Is she/he paid with federal funds?	
		Yes	No
		T&E Required	Salary used for match?
		No	Yes
		No T&E Required	T&E Required

  
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### 200.430(i)(1) – Documentation for Personnel Expenses

These records MUST

- ▶ Be supported by a system of internal controls which provides reasonable assurance charges are accurate, allowable and properly allocated
- ▶ Be incorporated into official records
- ▶ Reasonably reflect total activity for which employee is compensated

  
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### 200.430(i)(1) – Documentation for Personnel Expenses (continued)

- ▶ Encompass all federal and non-federal activities
- ▶ Comply with established accounting policies and practices
- ▶ Support distribution among specific activities or cost objectives

  
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**200.430(i) – Use of Budget Estimates**

- ▶ Budget estimates alone do not qualify as support for charges to Federal awards
- ▶ May be used for interim accounting purposes if
  - Produces reasonable approximations
  - Significant changes to the corresponding work activity are identified in a timely manner
  - Internal controls in place to review after-the-fact interim charges based on budget estimates

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**200.430(i) – Percentages**

- ▶ Because practices vary as to the activity constituting a full workload, records may reflect categories of activities expressed as a percentage distribution of total activities

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**200.430(i) – Compliance**

- ▶ For records which meet the standards, the non-federal entity will not be required to provide additional support or documentation for the work performed
  - DOL regulations for Fair Labor Standards Act must still be met (i.e. charges must be supported by records indicating the total number of hours worked each day)

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### 200.430(i) – Noncompliance

- ▶ For a non-Federal entity where the records do not meet these standards
  - USDE may require personnel activity reports (PARs), including prescribed certifications or equivalent documentation that support the records as required in this section
- ▶ PARs are not defined in the regulations

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### 200.430(i) – Reconciliation

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

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### 200.430(i) – Substitute Systems

- ▶ TEA encourages grantees to adopt its “substitute system”
- ▶ Three periods to submit management certification to TEA for approval to implement
  - September – following fall, spring, and summer
  - December – following spring and summer
  - May – following summer

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**200.430(i) – Alternative Proposals**

- ▶ TEA will consider alternative proposals based on outcomes and milestones for program performance
- ▶ These plans may be acceptable as alternatives to the Part 200 standards

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**200.430(i) – Blended Funding**

- ▶ A non-Federal entity may submit performance plans that incorporate funds from multiple Federal awards and account for their combined use based on performance-based metrics, if approved
- ▶ Must submit a request for a waiver that includes certain information, including the method of charging costs

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**Recommendation for Time and Effort**

- ▶ The audit compliance supplement expected to be released later this spring or early summer may further define documentation for auditors for time and effort
- ▶ Until then, it is recommended the grantee continue its current system of documenting time and effort, as long as it is currently compliant

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**EDGAR Cost Principles**

200.400 Policy Guide

(a) Grantee is responsible for efficient and effective administration through sound management practices

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**EDGAR Cost Principles**

200.400 Policy Guide

(b) Grantee is responsible for administering federal funds consistent with agreements, program objectives, and terms and conditions of grant award

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**EDGAR Cost Principles**

200.400 Policy Guide

(c) Grantee is responsible for employing sound organization and management techniques to assure proper and efficient administration

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**EDGAR Cost Principles**

200.400 Policy Guide

(d) Grantee is responsible for its accounting practices being consistent with federal cost principles and provide for adequate documentation to support costs charged to federal funds

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**EDGAR Cost Principles**

200.400 Policy Guide

(e) Grantee is responsible for applying cost accounting principles on a consistent basis

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**EDGAR Cost Principles**

200.400 Policy Guide

(g) Grantee may not earn or keep any profit resulting from federal funds; unless explicitly authorized in the terms and conditions of the grant award

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### 200.331 – Monitoring of Subgrants

- ▶ TEA must
  - Depending on assessment of risk, monitoring tools may be useful to ensure proper accountability and compliance with program requirements and achievement of performance goals
    - Training and technical assistance on program-related matters
    - On-site or desk reviews
    - Arranging for "agreed-upon procedures" engagements (200.425)

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### 200.205 – Awarding Agency Review of Risk Posed By Applicants

- ▶ TEA must have in place a framework for evaluating risks before applicant receives funding
  - Financial stability
  - Quality of financial management system
  - History of performance
  - Audit reports
  - Applicant's ability to effectively implement program

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### Discussion Question

- ▶ Why might excess carryover or lapsed funds indicate a high level of risk?

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### Discussion Question

Excess carryover or lapsed funds may indicate:

- ▶ Poor planning
- ▶ Poor program implementation
- ▶ Poor fiscal management
- ▶ Poor performance outcomes

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### 200.207(a) – Specific Conditions

- ▶ TEA may impose specific conditions on any federal award
  - Requiring reimbursement
  - Withholding authority to proceed until evidence of acceptable performance
  - Additional detailed reporting
  - Additional project monitoring
  - Require grantee to obtain technical or management assistance
  - Establish additional prior approvals

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### 200.207(b-c) – Specific Conditions

#### Right to Notice

- Nature of additional requirements
- Reason why imposed
- Nature of the action needed to remove the requirements
- Time for completing actions
- Method for requesting reconsideration
- ▶ Specific conditions must be removed once corrected

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### 200.331 – Monitoring of Subgrants

- ▶ TEA must
  - Verify subrecipients have audits as required in Subpart F
  - Consider taking enforcement actions (200.338)

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### 200.338 – Remedies for Noncompliance

- ▶ If noncompliance cannot be remedied with specific conditions, TEA may take one or more of the following actions
  - Temporarily withhold cash payment pending correction
  - Disallow all or part of the cost
  - Wholly or partly suspend or terminate the Federal award (200.339)
  - Initiate suspension or debarment (2 CFR Part 180)
  - Withhold further Federal awards for the program
  - Take other remedies that may be legally available

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### TEA Point of Contact for Selected EDGAR Requirements



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### Process for Requesting Written Prior Approval

- ▶ Applies to
  - Conflict of Interest Disclosures
  - Mandatory Disclosures
  - Requests for Sole Source Approval
  - Submission of Grantee Procurement Systems
  - Request for Prior Written Approval
  - Requests for Program Income
  - Disposition of Equipment/Supplies



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### Conflict of Interest Disclosures

- ▶ The Federal awarding agency (USDE) must establish conflict of interest policies for Federal awards
- ▶ All non-federal entities must establish conflict of interest policies and disclose in writing any potential conflict of interest to the federal awarding agency in accordance with applicable Federal awarding agency policy



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### Mandatory Disclosures

- Non-federal entities must disclose in writing, in a timely manner
- ▶ All violations of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the Federal award
  - ▶ Failure to make disclosures can result in remedies for noncompliance (200.338)



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### Request for Sole Source Approval

- ▶ The Federal awarding agency or pass-through expressly authorizes noncompetitive proposals in response to a written request from non-Federal entity; or
- ▶ After soliciting a number of sources, competition is determined inadequate

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### Submission of Grantee Procurement Systems

- ▶ The non-federal entity must make available upon request for pre-review, all procurement documents
- ▶ TEA may review and determine the grantee's procurement system and procedures meet the required standards
  - The grantee may request pre-review of its procurement system and procedures; or
  - The grantee may self-certify it's system

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### Request for Prior Written Approval

- ▶ Grantee may seek prior *written* approval for "special or unusual costs"
- ▶ May prevent future disallowance or dispute based on "unreasonableness" or "non allocability"

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### Request for Use of Program Income

- ▶ Program income must be deducted from the total allowable costs to determine the net allowable costs
- ▶ Must be used for current costs unless authorized otherwise
- ▶ Requires approval to add the program income to the grant award

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### Request for Disposition of Equipment or Aggregate Supplies

- ▶ When no longer needed for (1) the original program or project; (2) other USDE funded projects; (3) other federally funded projects; or
- ▶ When no longer useable and needs to be removed from inventory

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### Process for Requesting Written Prior Approval

Point of Contact at TEA

Chief Grants Administrator  
Division of Grants Administration

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### Process for Requesting Written Prior Approval

Procedure

- ▶ Grantee submits request to the Chief Grants Administrator (CGA) in writing
- ▶ CGA requests additional information, as applicable
- ▶ CGA meets with applicable TEA staff
- ▶ CGA responds to grantee in writing

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### Process for Requesting Written Prior Approval

- ▶ No calling or emailing around agency staff
- ▶ Must follow TEA process described above

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### Next Steps for TEA and Subgrantees

TEA Plans for Implementation  
Subgrantee Responsibilities Prior to Submitting  
2015-2016 Federal Grants Applications  
After the Grant is Awarded  
Financial Reporting



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### TEA Plans for Implementation

- ▶ Training opportunities
- ▶ Technical assistance and support
- ▶ Release of 2015-2016 federal grant applications and supporting materials

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### Subgrantee Responsibilities

Prior to Submitting 2015-16 Federal Grant Applications

- ▶ New policies and procedures adopted
- ▶ Training for staff
- ▶ Planning for implementation of new requirements

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### After the Grant is Awarded

- ▶ Program implementation
- ▶ Performance measures
- ▶ Program monitoring
- ▶ Audits and the new compliance supplement

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### Financial Reporting

- ▶ Accurate, current, complete disclosure of financial results of each award in accordance with 200.327 and 200.328
- ▶ 200.327 – Federal awarding agency can only collect OMB approved data elements, no less than annually, no more than quarterly
- ▶ 200.328 – Non federal entity must submit performance reports at intervals required by federal agency or pass through

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### Financial Reporting (continued)

#### Performance Metrics

- ▶ Compare actual accomplishments to objectives (quantify to extent possible)
- ▶ Reasons goals were not met if appropriate
- ▶ Additional pertinent information
- ▶ Significant developments
  - Problems, delays, adverse conditions
  - Favorable developments

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### Contact Information

Division of Grants Administration  
 Office for Grants and Federal Fiscal Compliance  
 Texas Education Agency  
[grants@tea.texas.gov](mailto:grants@tea.texas.gov)  
 (512) 463-8525  
[www.tea.texas.gov](http://www.tea.texas.gov)

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