Federal and State Monitoring

Special Education Directors Conference
Topics of Interest

• Overview of OMB Uniform Administrative Requirements, Cost Principals and Audit Requirements for Federal Awards
• Audit and Monitoring Expectations
• Time and Effort
• Common Findings
• Reminders
OMB Super Circular

- Subrecipient Monitoring
- Compensation Personal Services
- Single Audit Requirements – Threshold
- Written Policies and Internal Controls
Super Circular Subrecipient Monitoring – Risk Assessment

• Prior Experience with same or similar awards
• Results of previous audits
• Is the LEA required to have a A-133 Audit
• New Personnel or substantially changed systems
• The results of Federal awarding agency monitoring
Super Circular Compensation
Personal Services

- Increases emphasis on internal controls of subrecipient for personnel cost.
- Provides less prescriptive guidance on documentation
Super Circular Single Audit Requirements – Threshold

- Increases the Requirement for an A-133 Audit from current level of $500,000 to $750,000
Super Circular Written Policies and Internal Controls

- Increased requirements for written policies for Federal Grants
- Increased emphasis on LEA’s Internal Control Structure
Audit and Monitoring Expectations

• Onsite and Desk Reviews
  – Supporting Documentation for all programs to be reviewed
  – Access to staff responsible for the programs being reviewed
Time and Effort

- Policy and Procedures for Time and Effort
- Ongoing Training of Staff Regarding Time and Effort
- Maintaining Time and Effort Records
Common Fiscal Monitoring Findings – Special Education

• Inaccurate Expenditure Reports
• Salaries paid were not approved or were inaccurate
• Inventory Issues
• Expenditures paid were unallowable or did not support program intent
• Not maintaining separate accounts in accordance with IPAM for each grant
Personnel Claim Audit Findings

• Salaries claimed were incorrect
• Number of days employed were incorrect
• FTE’s reported were incorrect
• Failure to deduct Federal Funds in the claim
• FTE’s of Home Hospital Instructors was incorrect
Orphanage Claim Audit Findings

• Misstatement of Allowable Expenditures on the Tuition Cost Sheet
• Misstatement of Offsetting Revenues on the Tuition Cost Sheet
• Misstatement of Tuition Paid on the claim
• Incorrect Reporting of Transportation Cost
• Misstatement of the pupil days enrolled
Basic Guidelines for Allowable Expenditures

• Does the cost meet the requirements of the law?

• Is the cost necessary, reasonable and allocable?

• Is the cost consistently applied?

• Is the cost adequately documented?
  – Examples: segregated accounts, invoices, cancelled checks, inventory records and other valid supporting documentation

  OMB Circular A-87 Attachment A, section C
Inventory Requirements

• Procedures must be in place to ensure the control of equipment and materials both in the LEA and those in private schools
• Equipment purchases must be approved in the grant budget
• Inventory records must include the following components
  ▪ Description
  ▪ Serial number or other identification number
  ▪ Funding source for purchased property
  ▪ Who holds title
  ▪ Acquisition date
  ▪ Cost
  ▪ Location, use and condition
  ▪ Disposition date, if applicable
• All equipment purchases must be physically located in the grant usage area and must support the intent of the program
References and Helpful Links

• United States Department of Education: http://ed.gov

• Office of Management and Budget (OMB) Circular A-87: http://www.whitehouse.gov/omb/circulars/a087/a87_2004.html#atta


• State and Federal Grant Administration Policy and Fiscal Requirements and Procedures: http://www.isbe.net/funding/pdf/fiscal_procedure_handbk.pdf

• http://www.isbe.net/e-bulletins/default.htm

• http://isbe.net/ea/htm/checklist.htm
Contact Information

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Questions and Answers