



Illinois State Board of Education

Jesse Ruiz, Board Chair

Dr. Christopher Koch, State Superintendent

FY 2012 Federal Grant Cash Management Changes

Funding and Disbursement Services

Tim Imler, Division Administrator

<http://www.isbe.net/funding/default.htm>

(217-782-5256)

May 5, 2011

2:00 p.m.



Who Is Impacted?

- ★ **All subrecipients of Federal grant funds awarded by the Illinois State Board of Education. Including but not limited to:**
 - **School Districts**
 - **Regional Offices of Education**
 - **Special Education and Vocational Cooperatives**
 - **Not For Profit Entities**
 - **Community Based Organizations**
 - **Local Area Networks**
 - **Colleges and Universities**



What Programs?

Changes DO NOT Apply to:

- **State grant programs including the mandated categoricals**
- **Contracts with ISBE**
- **Federal claim based programs such as**
 - **National School Lunch**
 - **Child & Adult Care Food Program**
 - **IDEA Room & Board**



What Programs?

ALL Federal Grant Programs.

Examples include:

- ★ NCLB (i.e. Title I, Title IIA)
- ★ Title IID Competitive
- ★ Even Start
- ★ IDEA Flow Through, Preschool & Discretionary
- ★ Perkins
- ★ Title III (LIPLEP & IEP)



Why The Change?

Federal Standard – Title 34 C.F.R. §80.21

The basic standard is that the “[m]ethod and procedures for payment shall minimize the time elapsing between the transfer of funds and disbursement by the grantee or subgrantee . . .”

Funds may only be drawn and distributed to subrecipients (i.e. LEAs) to meet “immediate cash needs” of the grant (emphasis added).



Why The Change?

Federal Standard – Title 34 C.F.R. §80.21

The Federal rule addresses two payment methods:

Advances. Grantees and subgrantees shall be paid in advance, provided they maintain or demonstrate the willingness and ability to maintain procedures to minimize the time elapsing between the transfer of the funds and their disbursement by the grantee or subgrantee.

Reimbursement. Reimbursement shall be the preferred method when the [Advance] requirements . . . are not met (emphasis added).



Federal Office of Inspector General February 2010 Findings

- **“ISBE’s system of internal control is not adequate to ensure LEAs are complying with Federal cash management requirements.”**
- **It is important that State Educational Agencies do not draw and disburse funds before LEAs actually need the funds . . . because they might be more susceptible to misuse when held in local accounts for extended periods.**
- **The OIG recommended the Secretaries from various Federal agencies require ISBE to “strengthen procedures for monitoring excess cash balances at LEAs before approving cash disbursements.”**



Major Changes

- **Monthly payment schedules will be eliminated from paper and electronic Federal grant applications.**
- **Payments will be made as LEAs submit expenditure reports through the Electronic Expenditure Reporting System in IWAS.**
- **Cumulative (i.e. year-to-date expenditure reports) must reflect expenditures on a cash basis. In other words, expenses are recognized when cash is actually paid.**



Major Changes

LEAs will not be allowed to submit outstanding obligations except on the completion report submitted at the end of the project year (e.g. June 30, Aug. 31, etc.).

The current 90 day liquidation period is still in effect to report the payment of outstanding obligations. Actual payments will be distributed based on cumulative, cash basis expenditures reported in the 90 day liquidation period.



Major Changes

- **ISBE Funding and Disbursements staff will voucher weekly (Wednesdays) instead of monthly.**
- **Unlike State funds, Federal funds are not delayed. In general, LEAs can expect receipt of payment by the following Tuesday or Wednesday at the latest (i.e. 4-5 business days).**
- **LEAs will have two funding options:
Traditional Reimbursement and Modified Advance.**



Traditional Reimbursement

- **Preferred Method**

- LEA receives grant approval from ISBE program division.
- LEA submits cumulative, cash basis, expenditure reports at their discretion (e.g. weekly, bi-monthly, monthly) but at a minimum quarterly.
- ISBE will schedule and voucher the exact amount reported.
- Funds must be expended locally on a cash basis first and then reported for reimbursement.



Modified Advance

- **Optional – Not Preferred**

- LEA receives grant approval from ISBE program division.
- LEA enters cumulative, cash basis expenditures.
- After entering their cumulative, cash basis expenditures, the LEA has the option to request a “Commitment Amount” at the end of the expenditure report.
- The “Commitment Amount” represents the amount of money the LEA must have in advance and commits to expend to meet immediate cash needs through the end of the next month.



Modified Advance

**** IMPORTANT - CRITICAL ****

The Commitment Amount must be in alignment with the actual expenditures anticipated for the Federal grant through the end of the next month.



Modified Advance

- **LEAs that enter an optional Commitment Amount must submit a subsequent, cumulative, cash basis expenditure report that should demonstrate that the Commitment Amount was fully expended.**

For example, if an LEA submits a July 31 cumulative month end report for \$200,000 and an optional \$50,000 Commitment Amount for August, the LEA must submit an August 31 cumulative expenditure report that should reflect expenditures of \$250,000 or more.



Modified Advance

- **If the subsequent, cumulative, cash basis expenditure report reflects cash on hand, the excess amount will be deducted from the next Commitment Amount payment if requested.**
- **LEAs that continue to have excessive cash on hand each month may be requested to return the excess funds immediately and/or be subject to submitting expenditures on a reimbursement method.**



Modified Advance

- **LEAs can only submit cumulative, cash basis expenditures that include a Commitment Amount once each month.**
- **Cumulative month end reports can be submitted after the 20th calendar day of each month (e.g. August 31 month end report will appear on August 20)**



Quarterly Reports

- Depending on the LEA project begin date, quarterly expenditure reports through September 30, December 31, March 31 and June 30 are due to ISBE 20 Days following the end of each quarter and are required of all LEAs regardless of the funding method used or if expenditures have not occurred.



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Expenditure Report Screens

The screenshot shows a web browser window titled "Electronic Expenditure Report - Main Screen - Windows Internet Explorer". The address bar shows the URL "http://webqa.isbe.net/Expenditures/asp/Main.asp". The browser's menu bar includes "File", "Edit", "View", "Favorites", "Tools", and "Help". The page content features the Illinois State Board of Education logo and header with the names "Jesse Ruiz, Board Chair" and "Christopher A. Koch, State Superintendent". Below the header is a dark blue banner with the text "ELECTRONIC EXPENDITURE REPORTS" and "MAIN SCREEN". The main content area displays the "Entity Name : SPRINGFIELD SD 186" and "RDCT : 51084186025". Three main menu items are listed with expandable icons: "Start New Expenditure Report", "Edit Saved Expenditures (0)", and "View Submitted Expenditures (0)". At the bottom of the menu are links for "On-line Help", "What's New?", and "Feedback". A "Close Window" button is located below the menu. The footer of the page reads "Copyright© 2011, Illinois State Board of Education". The browser's status bar at the bottom shows "Internet" and "100%".



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Expenditure Report Screens



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ELECTRONIC EXPENDITURE REPORTS THRU DATE SELECTION SCREEN

Entity Name : **SPRINGFIELD SD 186**

Project Number : **2011-4300-00-51084186025**

Please select a Thru Date / Current Date as Thru Date.

Select Thru Date

03/31/2011 @

OR

Current Date as Thru Date

This option is not available.

Legend :

- @ - Expenditure Report is Required for this Thru Date.
- # - Expenditure Report has been Processed at ISBE for this Thru Date.
- + - Outstanding obligations reported.

Check here to copy previously submitted expenditures

<< Back

Close Window

Continue >>

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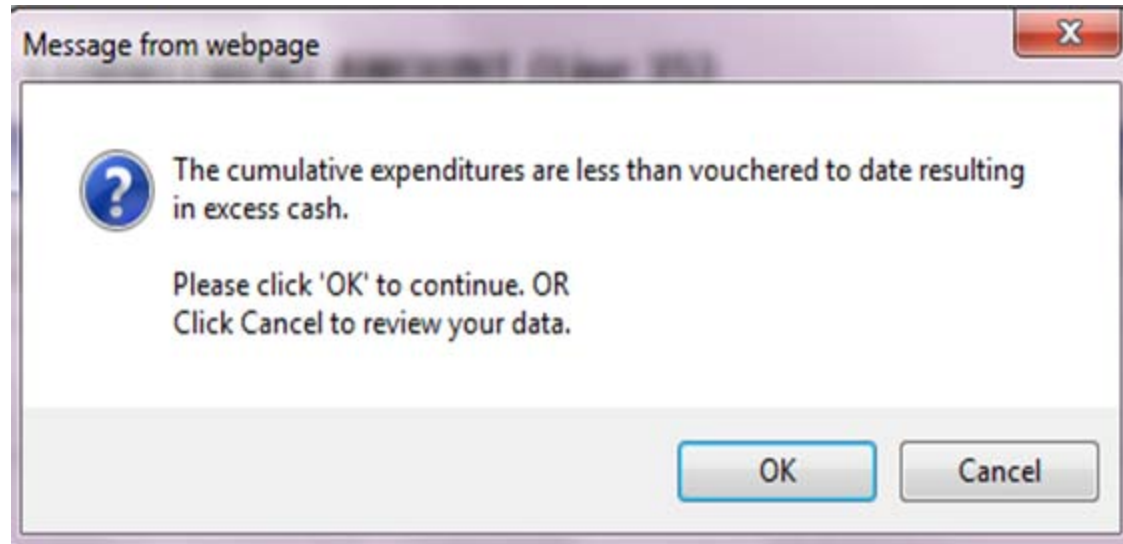
Expenditure Report Screens

SECTION V - (B) - COMMITMENT AMOUNT (Line 35)

LINE	EXPENDITURE ACCOUNTING 2	AMOUNT
35	Enter the amount needed for expenditures on a cash basis from : 04/01/2011 to: 04/30/2011 (maximum 1 month allowed)	<input data-bbox="1392 743 1591 786" type="text" value="10000"/>

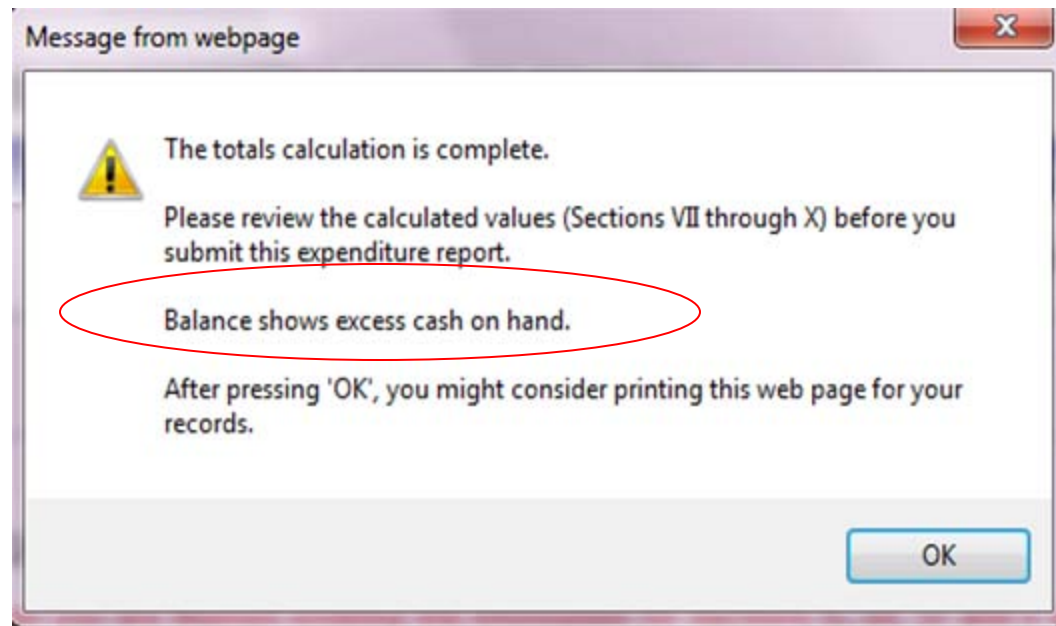


Expenditure Report Screens



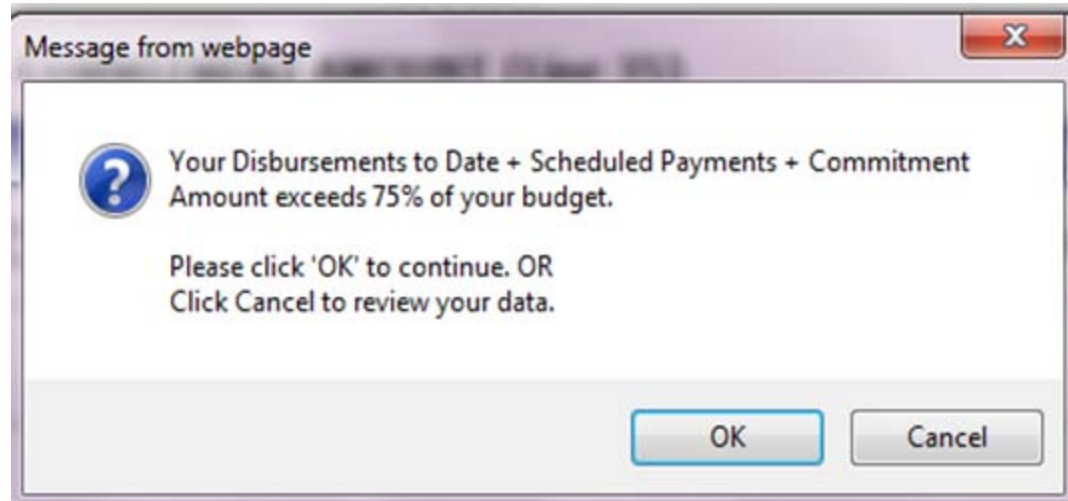


Expenditure Report Screens





Expenditure Report Screens





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Expenditure Report Screens

SECTION X. - CASH SUMMARY

To update these totals, press the 'Calculate Totals for Following Sections' button in SECTION VI.

LINE	EXPENDITURES AND RECEIPTS	AMOUNT
31	Vouchered to Date (includes pre-payment & negative adjustment)	1492280
32	Cumulative Expenditures (i.e. Year-To-Date) (Line 30)	1492000
33	Outstanding Obligations	0
34	Total Expenditures + Obligations (Line 32 + Line 33)	1492000
35	Commitment Amount	10000
36	(FUTURE USE)	
37	BALANCE (Line 31 - Line 32)	280
38	Adjusted Commitment Amount	9720



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Expenditure Report Screens



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ELECTRONIC EXPENDITURE REPORTS CONFIRMATION SCREEN

Entity Name [Redacted]

Project Number : 2011-[Redacted]

Expenditure Report has been Submitted for District/Agency Admin Approval.

It is recommended that you print this confirmation screen for your records.

Entity Name	[Redacted]
Program Name	Title I - Low Income
Project Number	2011-4300-00-[Redacted]
Expenditures Thru Date	3/31/2011
Expenditures Submit Date	05/03/2011
Total Expenditures	\$3,376,689.00
Scheduled Payment	\$167,376.00
Commitment Amount	\$500,000.00
Total Scheduled Payment	\$667,376.00
Date & Time	05/03/2011 7:59:53 AM

Close Window

Return To Main Screen



Summary

- **Changes will begin with FY 2012 Federal Grants**
- **LEAs will have two funding methods available to use:**
 - Traditional Reimbursement (Preferred)**
 - Payments made based on actual expenditures**
 - Minimum quarterly reporting**
 - Modified Advance (Not Preferred)**
 - Commitment Amount field is utilized**
 - More frequent subsequent reports must be submitted**
- **Expenditures must be submitted on a cash basis only**
- **Funding & Disbursements Staff will voucher every Wednesday**
- **Quarterly reports are still required of all LEAs for all grants**



Final Thoughts

- **Ensure that your budget applications and amendments are timely, complete and accurate the first time.**
 - Provide sufficient detail on objectives, goals and activities.
 - Provide adequate documentation for employees charged to the grant.
 - Always provide sufficient detail on any equipment purchases.
- **Obligations and activities that will be charged to the grant cannot occur until a “substantially approvable” application has been submitted.**



Final Thoughts

- **Be responsive to agency requests to correct a grant that has been returned for changes.**
- **Funds cannot be distributed until a grant has been approved by the program area and loaded into our system for payment.**
- **We are here to assist. Inform your agency program consultant if you need assistance with submitting your grant the correct way the first time.**



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Questions

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