

# Fiscal Accountability for Administering ED Grants



U.S. Department of Education  
Risk Management Service  
[www.ed.gov](http://www.ed.gov)

# DISCUSSION POINTS

- ADMINISTRATIVE REQUIREMENTS
- COSTS PRINCIPLES
- INDIRECT COST
- AUDITS
- ED'S CONCERNS

# Tools of the Trade

Legislation

Regulations

EDGAR



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The EDGAR logo is displayed vertically in large white letters on a purple background. To the right of the logo, the text reads: "Education Department General Administrative Regulations", "34 CFR Parts 74, 75, 76, 77, 79, 80, 81, 82, (84), 85, (85), 86, 97, 98, and 99", and "As of June 23, 2005".

Education  
Department  
General  
Administrative  
Regulations

34 CFR Parts 74,  
75, 76, 77, 79, 80,  
81, 82, (84), 85,  
(85), 86, 97,  
98, and 99

As of  
June 23, 2005

Cost Principles (2 CFR/OMB Circulars)

Department Directives and Bulletins

# Cost Principles

- 2 CFR Part 220 for Educational Institutions (see OMB Circular A-21)
- 2 CFR Part 225 – for State, Local and Indian Tribal Governments (see OMB Circular A-87)

<http://www.gpoaccess.gov/cfr/index.html>

# Cost Principles

- 2 CFR Part 230 – for Non-Profit Organizations (see OMB Circular A-122)
- 2 CFR Part 215 – Uniform Administrative Requirements for Grants and Other Agreements with IHE's, Hospitals and Other Non-Profit Organizations (see OMB Circular A-110)

<http://www.whitehouse.gov/omb/circulars/>

# Monetary Road Map

- Clear, concise, and detailed
- Consistent with institutional policy and or state laws and procedures
- Meets federal requirements
- Revised within scope/aligned with GPRA

# Financial Management Systems

The financial management systems of grantees must do the following:

- Provide for accurate, current, and complete disclosure of results regarding the use of project funds
- Document both the federal and non-federal funds used to carry out the project and track partners

# Financial Management Systems

- Maintain effective internal controls
- Answer the following budgetary questions:

State systems must allow for the proper tracing of expenditures for itself, subrecipients, contractors to ensure proper use of funds



# Are the Budget Items

**\$ Allowable** -- either permitted or not specifically prohibited

**\$ Allocable** -- necessary for project success

**\$ Reasonable** -- costs that would be incurred by “prudent” person

# Budget Categories

Internal Controls – Procedures for  
Expending funds for:

- ✓ Personnel
- ✓ Fringe
- ✓ Travel
- ✓ Equipment
- ✓ Supplies
- ✓ Contractual
- ✓ Other
- ✓ Indirect Costs
- ✓ Training Stipends

# INDIRECT COST

- WHAT ARE THEY
- VARIOUS RATES  
ALLOWED DEPENDING  
ON THE PROGRAM

# INDIRECT COST

- ALASKAN NATIVE EDUCATION PROGRAM - CFDA # 84.356A
- RESTRICTED RATE
- RESTRICTION OF ONLY 5% FOR ADMINISTRATIVE PURPOSES

# INDIRECT COST

- NATIVE HAWAIIAN EDUCATION PROGRAM - CFDA # 84.362A
- RESTRICTED RATE - SUPPLEMENT NOT SUPPLANT
- RESTRICTION OF ONLY 5% FOR ADMINISTRATIVE PURPOSES

# INDIRECT COST

- IMPROVING LITERACY THROUGH SCHOOL LIBRARIES  
CFDA # 84.364A
- REQUIRES A CURRENT RATE
- ONE YEAR GRANT

# INDIRECT COST

- TRAINING GRANTS
- RESTRICTED RATE - UP TO 8%
- RESTRICTION DOES NOT APPLY TO STATES, LOCALS OR INDIAN TRIBES

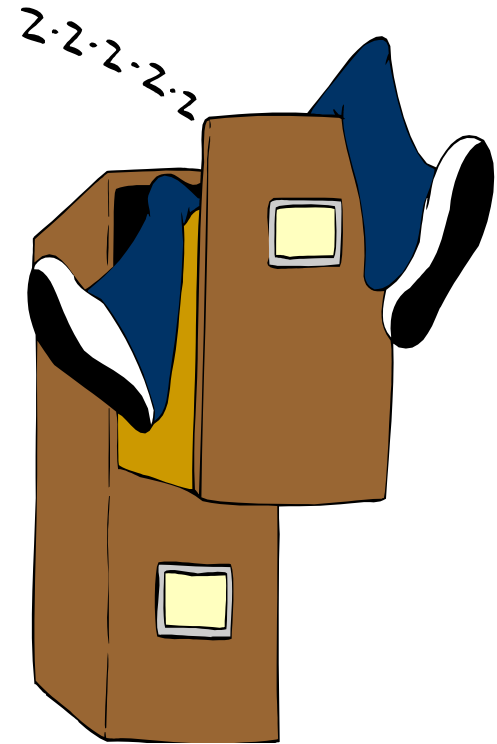
# Common Audit Exceptions

- Missing time and effort reports
- Poor record-keeping
- Failure to obtain prior approval



# Common Audit Exceptions




- Incorrect indirect cost rates
- Unallowable costs
- Lack of internal controls



# EDGAR Prior Approval Requirements

- ◆ Changes in project scope or objectives
- ◆ Changes in key personnel
- ◆ IHE and nonprofit project directors
  - Absence for more than 3 months
  - 25% reduction in time
- ◆ Need for additional federal funds

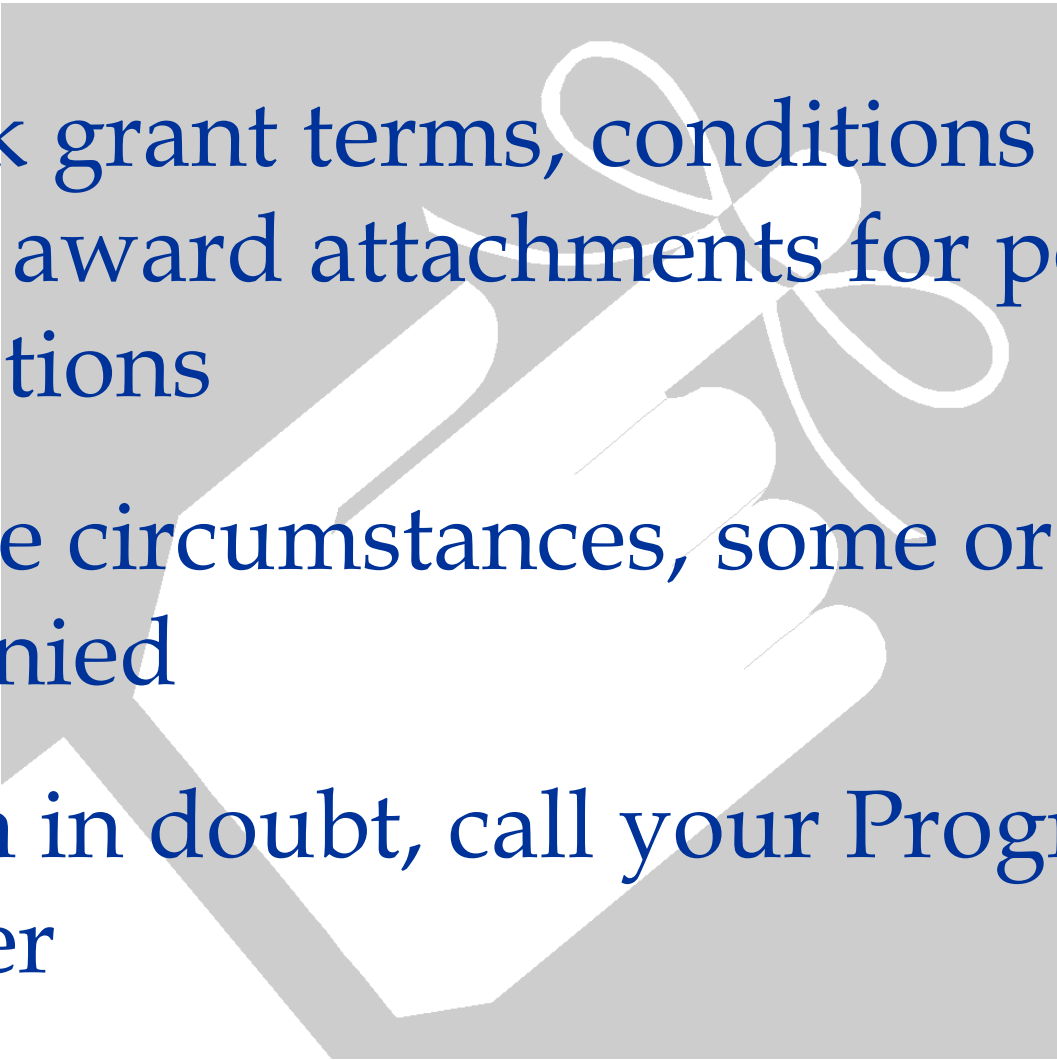
# ED Concerns

-  Large amounts of unobligated funds at end of budget period
-  Excessive or infrequent drawdown of funds
-  Project goals not met

# What ED Look For

- ✓ Annual substantial progress met
- ✓ GPRA indicators met
- ✓ Good Recordkeeping & fiscal accountability

# Important Reminders

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- /// Check grant terms, conditions and grant award attachments for possible exceptions
  - /// In rare circumstances, some or all may be denied
  - /// When in doubt, call your Program Officer

# Our Cards

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