



Pennsylvania
Department of Education

Technical Assistance Guidance

ESSER Program Compliance





Why Are We Here?

As a federal pass-through entity, the Pennsylvania Department of Education (PDE) is responsible for performing reviews of Subrecipient program operations, in accordance with Title 2 of the Code of Federal Regulations (CFR) Part 200, Subpart D.

This training course has been developed by PDE to help educate and inform Subrecipients on Federal grant requirements.





Agenda

1 | Grants Management and 2 CFR 200

2 | The ESSER Program

3 | Areas of Review

4 | Appendix





Grants Management Overview



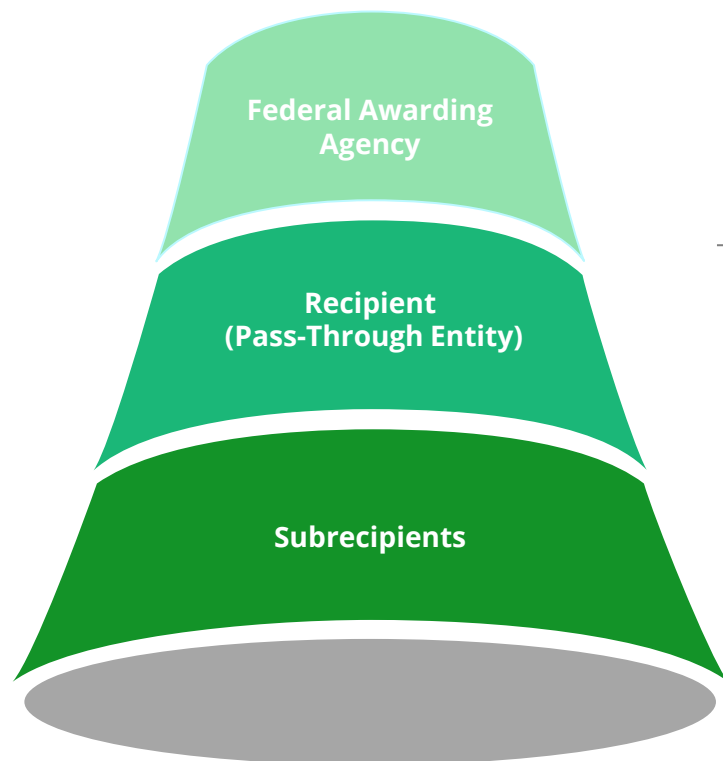
A grant is a *legal instrument of financial assistance* between a Federal awarding agency or pass-through entity and a non-Federal entity *used to enter a relationship to transfer anything of value to carry out a public purpose* authorized by a law of the United States. (2 CFR 200.1)

Grants Management is a discipline within Public Sector Finance concerned primarily with the administration required to carry out the requirements of **a grant**.

Introduction to Grants Management



Most grants flow down from Federal Awarding Agencies (FAAs), to States (Recipients / Pass-Through Entities (PTE), then to Subrecipients. Below are the key players:



- Conducts pre-award activities
- Translates legislative intent into actionable programs

- Manages portfolios, programs, and projects of their own
- Rolls federal priorities into their own budgets/agendas
- Responsible for compliance with applicable grants guidance

- Implements projects funded by grants
- Beholden to both federal and state regulation
- Reports back to the Recipient on performance and financial results

US DOE



PDE



LEAs



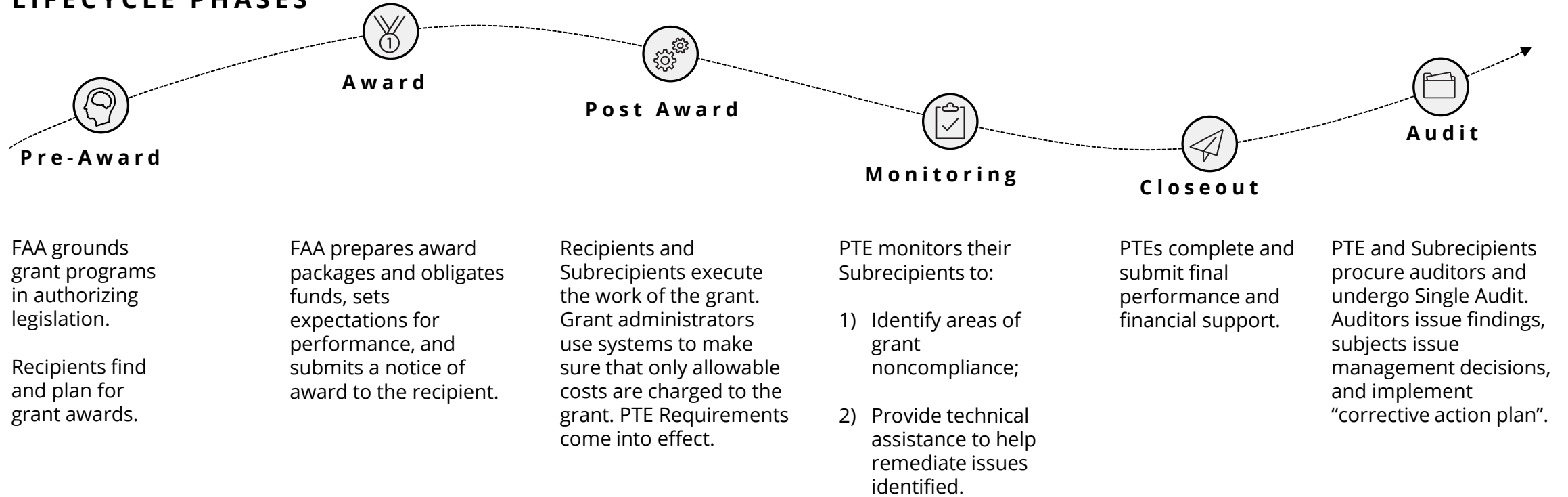
*Tenth Amendment to the Constitution:
The powers not delegated to the United States by
the Constitution, nor prohibited by it to the States,
are reserved to the States respectively, or to the
people.*

*Over each of the last six years, grants have represented around
72% of the President's Budget. (USASpending.gov)*

Grant Management Lifecycle



LIFECYCLE PHASES



THE FEDERAL GOVERNMENT HAS OBLIGATED **\$3,167,029,923,709** IN GRANTS FOR COVID-19 SPENDING.

Introduction to 2 CFR 200



*Appendices to Part 200 Topical Requirements

Further guidance on topics like indirect cost principles and OMB Compliance Supplement

200.300 Subpart D Post Federal Award Requirements

List Federal post award requirements, including financial and program management, property standards, procurement standards, requirements, for monitoring and reporting on financial and program performance, subrecipient monitoring and management, records retention, remedies for noncompliance, post-closeout adjustments, and collections.

200.0 Subpart A Acronyms and Definitions

44 acronyms and 105 Definitions

200.100 Subpart B General provisions

Contains the general provisions of the guidance, like purpose and applicability.

200.200 Subpart C Pre-Federal Award Requirements

Instructions and other pre-award matters to be used by Federal awarding agencies in the program planning, announcement, application, and award processes Gartner, 2017.

200.500 Subpart F Audit Requirements

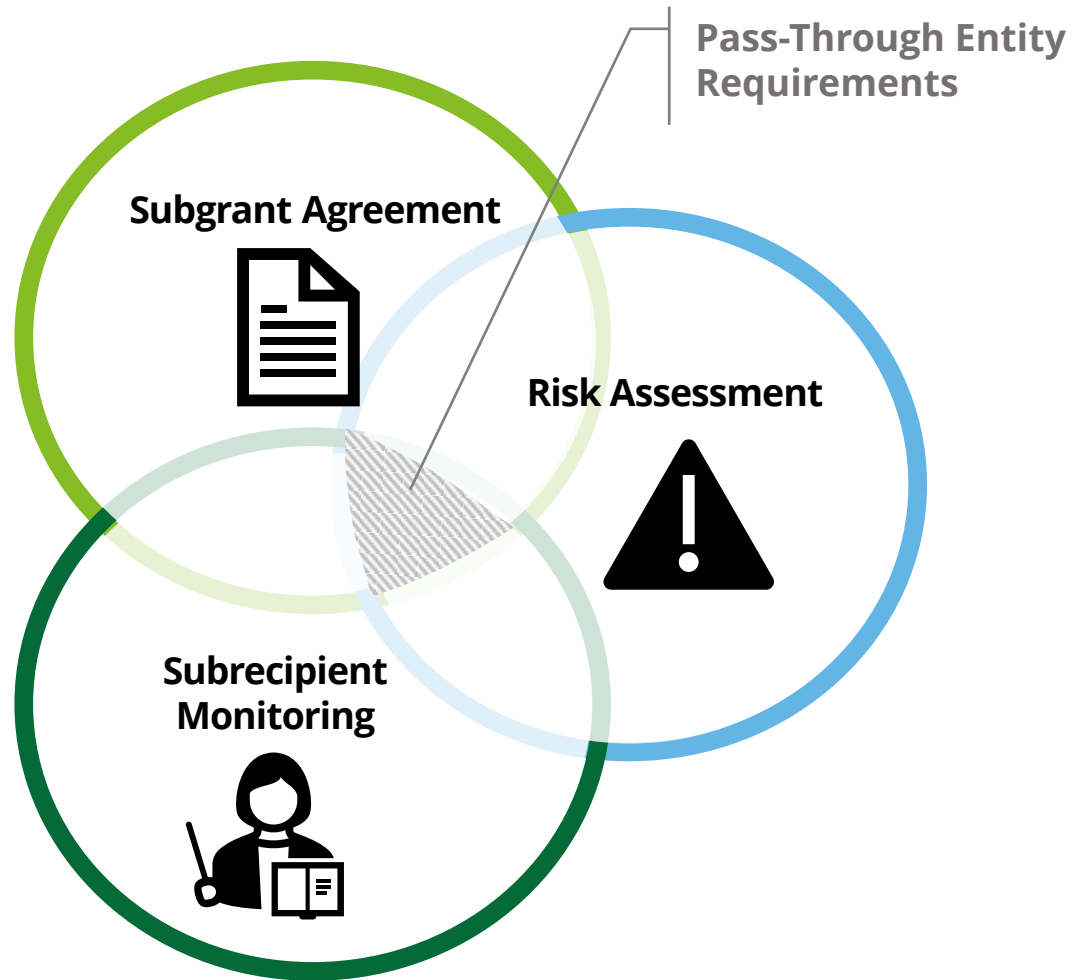
What entities are audited and when, information on sanctions and program-specific audits.

200.400 Subpart E Cost Principles

Contains the cost principles. Section 200.401, Application, requires that the principles must be used in determining the allowable costs of work performed by the nonfederal entity under federal awards. List general provisions, basic considerations, direct and indirect costs, special considerations for state, local governments, Indian tribes and institutions of higher learning, and selected items of cost.

Uniform
Guidance

Pass-Through Entity Requirements



If I pass through money to a Subrecipient, what steps do I have to take?



EXECUTE A SUBGRANT AGREEMENT

1. Formal agreement between the Recipient and Subrecipient
 - o Must include the 14 data elements as prescribed by Federal Funding Accountability and Transparency Act (FFATA)
 - o Scope of Work
 - o Budget

DEVELOP A RISK ASSESSMENT

1. Evaluate each Subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward.
2. A Subrecipient's Risk Score dictates how they will be monitored.
3. Three distinct processes:
 - o Data collection and analysis
 - o Design of weighted risk criteria
 - o Computation of "Risk Scores"

PERFORM SUBRECIPIENT MONITORING

1. Reviewing financial and performance reports
2. Make sure Subrecipients act on deficiencies detected through audits, on-site or virtual reviews, and written confirmation from the Subrecipient .



The Subgrant Agreement

Below are the key components of the subgrant agreement between PDE and Local Education Agencies (LEAs)

1 The Grant Agreement

Contains information on the award including awarded amount, period of performance, and authorized signatures from both parties to the agreement.

2 Appendix A

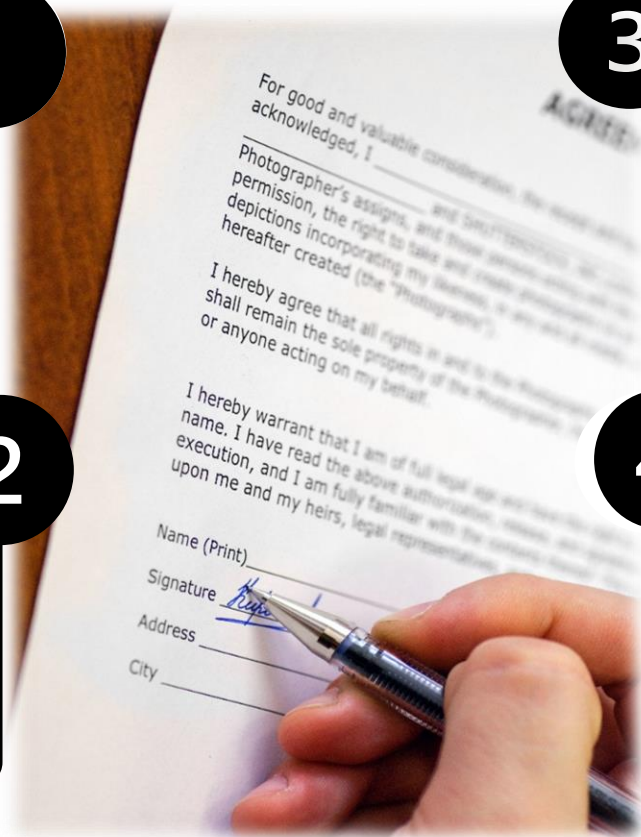
Contains the terms and conditions of the grant that the Subrecipient agrees to comply with.

3 Appendix B

Contains the Subrecipient's budget information for the grant. The budget is detailed and broken out by object code in accordance with the PA Chart of Accounts.

4 Appendix C

Contains the payment information and reporting requirements of the grant.





The Elementary and Secondary School Emergency Relief (ESSER) Program





What is the ESSER grant?

COVID-19 created a waterfall of grant funding for local education agencies in the Commonwealth



ESSER I

- ✓ ● \$13.2 billion set aside from the CARES Act – *March 2020*
- ✓ ● \$523.8 million awarded to PDE – *May 2020*
- ✓ ● *Note: Funds must be liquidated by January 2023*

ESSER II

- ✓ ● \$54.3 billion set aside from CRRSA Act – *December 2020*
- ✓ ● \$2.22 billion awarded to PDE – *January 2021*
- ✓ ● *Note: Funds must be liquidated by January 2024*

ESSER III (ARP ESSER)

- ✓ ● \$122 billion set aside from ARP Act – *March 2021*
- ✓ ● \$5.1 billion awarded to PDE – *March 2021*
- ✓ ● *Note: Funds must be liquidated by January 2025*

These Grants Are Governed By A Matrix Of Federal, Agency, and State Requirements

State Laws and Regulations:

- PDE ARP ESSER Act 24
- PA ARP ESSER State Plan
- PA LEA Chart of Accounts
- PA Master Standard Terms and Conditions

Federal Statutes:

- CARES Act
- CRRSA Act
- ARP Act of 2021

Federal Regulations:

- 2 CFR 200
- ESF Compliance Supplement

Agency Specific Guidance:

- U.S. Dept. of Education



ESSER Grant Funding is NOT “Business as Usual”

Allowable uses for ESSER funds varied greatly from annual recurring grant programs

In just FY22 alone, ESSER made up **54% of total grant expenditures** made by PDE

Total annual grant funding administered by PDE **BEFORE** ESSER

~\$800 MILLION

~\$8
BILLION

Total grant funding administered by PDE **AFTER** for ESSER



A global pandemic shut down the economy and took students **out of their classrooms** requiring novel approaches to fund the impacts on education



With students stuck at home with parents, educators had to invest in **remote learning technology, training, and curriculum** to avoid learning loss



To make classrooms safer, ESSER funded **construction and capital projects** to reduce viral transmission in classrooms and other facilities



Significant investments were made for **historically underserved groups** of students and required maintenance of ideal teacher to student ratios










Strategic planning for safe reopening of school operations was eligible for reimbursement to get students **back into the classroom**

ESSER funded a SIGNIFICANT portion of these unique activities








Allowable Uses of ESSER Programs (PT.1)



	ESSER I	ESSER II	ARP ESSER
 Coordinate preparedness and response efforts to COVID-19	✓	✓	✓
 Provide principals and other school leaders with resources to address individual school needs	✓	✓	✓
 Address the unique needs of low-income children, children with disabilities, English learners, racial and ethnic minorities, students experiencing homelessness, and foster care youth, including outreach and service delivery	✓	✓	✓
 Implement systems to improve LEA preparedness and response efforts	✓	✓	✓
 Provide professional development for LEA staff on sanitation and minimizing the spread of infectious disease	✓	✓	✓
 Plan for and coordinate operations during long-term closures, including providing meals, technology for online learning, guidance for carrying out Individuals with Disabilities Education Act (IDEA) requirements, and providing educational services	✓	✓	✓
 Purchase educational technology (including hardware, software and connectivity) for students	✓	✓	✓

Allowable Uses of ESSER Programs (PT.1)



	ESSER I	ESSER II	ARP ESSER
 Provide staff and student mental health services and supports	✓	✓	✓
 Plan and implement summer learning and supplemental afterschool programs	✓	✓	✓
 Initiate other activities necessary to maintain LEA operations and services and employ existing LEA staff, including activity authorized by Elementary and Secondary Act (ESEA)	✓	✓	✓
 Address learning loss among students, including low-income students, children with disabilities, English learners, racial and ethnic minorities, students experiencing homelessness, and children and youth in foster care	✗	✓	✓
 Make school facility repairs and improvements to enable operation of schools to reduce risk of virus transmission, exposure to environmental health hazards, and to support student health needs.	✗	✓	✓
 Inspect, test, repair, and other projects to improve the indoor air quality in school facilities	✗	✓	✓
 Develop strategies to implement public health protocols, policies for the reopening and operation of school facilities	✗	✗	✓



ARP ESSER Breakdown

ARP ESSER had multiple allocations across funding codes for various purposes, detailed below.

90% MAIN DISTRIBUTION

(990)

Main ARP ESSER funds were distributed to LEAs for various purposes of which 20% must be used towards learning loss*

5% LEARNING LOSS

(994)

Implementation of evidence-based interventions to address learning loss. Additional cost tracking requirements apply*

1% SUMMER ENRICHMENT

(995)

Implementation of evidence-based summer enrichment programs

1% AFTERSCHOOL PROGRAM

(996)

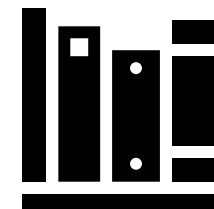
Implementation of evidence-based afterschool programs

2.5% RELIEF FOR OTHER LEAS

(998)

Must be spent in accordance with section 2001(e)(2) of the ARP Act and includes programs for delinquent, neglected, and at-risk youth

7% SET ASIDE



* Requirements will be covered in the next sections

ARP ESSER 20% Learning Loss



For the 90% ARP ESSER distribution, at least 20% of funding must address learning loss per Section 2001 (e) (1) of ARP Act.

Here's what you need to know:



Mandatory Reserve

- LEAs **must reserve at least 20%** of the 90% ARP ESSER award to address **learning loss**
- While learning loss portion of costs should be tracked, there is **no separate Chart of Account code** for this portion. These costs should be coded as 990.



Implementation

- The purpose of this reservation is to address learning loss through implementation of **evidence-based interventions**, such as:
 - Summer learning or summer enrichment
 - Extended School Day
 - After-School Programs
 - Extended School Year Programs



Purpose

- LEA must make sure that interventions respond to students':
 - Social,
 - Emotional, and
 - Academic needsthat address the disproportionate impact of COVID-19 on **underrepresented student subgroups**



5% Learning Loss Set Aside

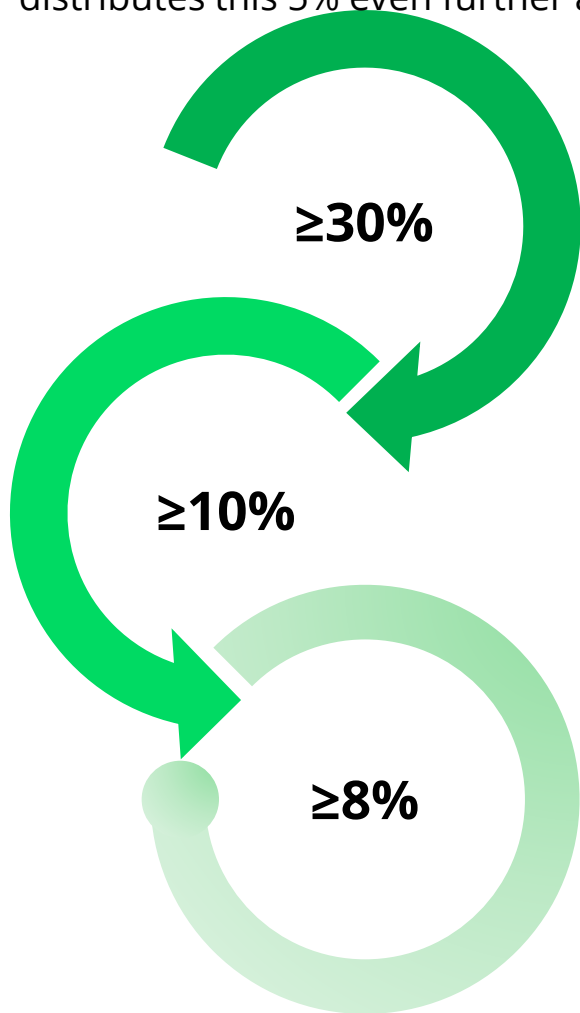
For the 5% ARP ESSER Learning Loss Set-Aside distribution, at least 48% of funding must address evidence-based interventions per Section 2001 (f) (1) of the ARP Act. Pennsylvania ACT 24 of 2021 distributes this 5% even further and **as follows**:



Targeted to **social, emotional, or mental health supports** to students

Targeted to **professional development and technical assistance** to educators and school staff to address the social, emotional, and mental health needs of students

Targeted to **reading support** and improvement for students



ARP ESSER 2.5% Set Aside



For the 2.5% ARP ESSER Set-Aside distribution, funding must be addressed as per Section 2001 (e) (2) of the ARP Act. Pennsylvania ACT 24 of 2021 distributes this set-aside **as follows**:



What is it?

This is a 2.5% set-aside from the total ARP ESSER program that is separate from the other 90% and 7% funding pieces



How does it differ?

This set-aside has a different eligibility requirement than other set-asides under ARP ESSER



Any requirements?

AT LEAST 10% of this 2.5% set-aside funding that is allocated to IUs must be used to provide support to school entities, in consultation with PDE



Who is eligible?

- CTCs
- IUs
- APSs
- PRRIs
- Chartered schools for the deaf and blind
- A-TSI designated schools
- Programs for delinquent, neglected, and at-risk youth



Areas of Review





Areas of Review

1 [General / Entity Level Standards](#)

2 [Financial Management](#)

3 [Internal Controls](#)

4 [Procurement](#)

5 [Equipment and Property Management](#)

6 [Equitable Shares](#)

7 [Time and Effort](#)

8 [ARP ESSER Program Closeout](#)

General / Entity Level Standards



Pennsylvania
Department of Education





Introduction to General/Entity Level Standards



1

What are General/Entity Level Standards?

General/Entity Level Standards can be described as management oversight over **policies, procedures, and practices**. This includes maintaining a culture of compliance over federal awards, internal control, financial statement reporting guidance, and leading practices.

2

Who is responsible for implementation?

The **Board of Directors is responsible for approving adequate policies**, while **management is responsible for the day-to-day implementation** of such policies. The Business Manager and Federal Programs Coordinator are the designated personnel responsible for proper execution.

3

Why is it important?

Maintaining a culture of compliance over applicable policies is an important step in keeping federal funding within schools, because doing so **reduces exposure to claw back provisions or potential audit findings**.



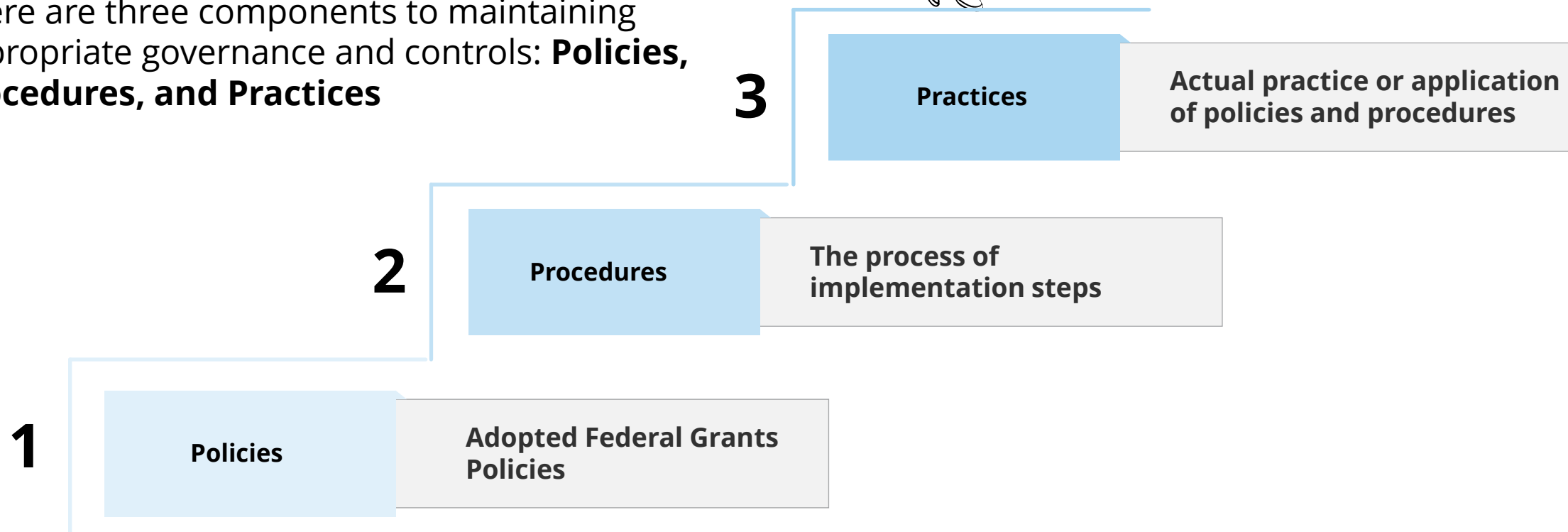
Governance and Controls: The Cornerstone of General/Entity Level Standards

Developing and maintaining strong governance and controls at the entity level is key to effective general administration and grants compliance.

There are three components to maintaining appropriate governance and controls: **Policies, Procedures, and Practices**



I want my organization to maintain strong governance and controls. Where do I start?



Applicable Federal General/Entity Standards Guidance



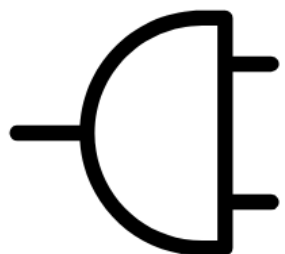
2 CFR 200.400-476 highlights the requirements related to governance.

Reference	Title	What You Need to Know
§ 200.400(a)	Policy Guide	The non-Federal entity is responsible for the efficient and effective administration of the Federal award through the application of sound management practices .
§ 200.400(b)	Policy Guide	The non-Federal entity assumes responsibility for administering Federal funds in a manner consistent with underlying agreements, program objectives, and the terms and conditions of the Federal award .
§ 200.400(c)	Policy Guide	The non-Federal entity, in recognition of its own unique combination of staff, facilities, and experience, has the primary responsibility for employing whatever form of sound organization and management techniques may be necessary in order to assure proper and efficient administration of the Federal award .
§ 200.400-.476	Cost Principles	The application of these cost principles should require no significant changes in the internal accounting policies and practices of the non-Federal entity. However, the accounting practices of the non-Federal entity must be consistent with these cost principles and support the accumulation of costs as required by the principles and must provide for adequate documentation to support costs charged to the Federal award .



Policies

The **LEAs' Board of Directors** should approve written policies that are understood by management and designated personnel. These should be reviewed and updated regularly, and training given to relevant personnel when needed. Some general Grant Management policies include:



Federal Fiscal Compliance

- Administration of Federal Funds
- Allowability of Costs – Federal Programs
- Procurement – Federal Programs
- Cash Management
- Subrecipient Monitoring Procedures
- Purchases Subject to Bid/Quotation

Purchases Budgeted

- Budget Preparation
- Purchase Cards (PCards)
- Cash Reconciliation
- Bank Accounts

Grant Mgmt., Compliance, and Administration

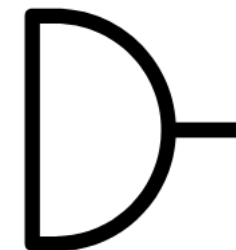
- Org Chart
- Cooperative Purchasing
- Travel Reimbursement
- Procurement

Property Records

- Depreciation Schedule
- Inventory Records
- GASB 34
- Capitalized Assets
- Maintenance of Property

Protection of Data and Assets

- Conflict of Interest
- Data Safeguarding
- Records Management
- Data Privacy and Security Protection of Personally Identifiable Information
- Fraud
- Conflict of Interest





Capitalization Policy: Assets and Infrastructure

Recommended Policy Sections

PDE strongly encourages each LEA **to incorporate** the following procedures into their capitalization policy:

A **formal written policy** for the capitalization of assets and infrastructure

List of the assets or asset groups

A **depreciation schedule** for any asset capitalized

Whether the threshold for capitalizing asset purchases is to be based on **individual equipment items** or on **systems/categories** or **groups of assets**

Determine a **monetary** threshold for capitalization of assets



Procedures

Board and Senior Management oversight should include a formal approach to documenting procedures. These procedures should follow applicable regulations to maintain compliance across applicable regulatory and other guidance. Combination of these written policies and practices must allow for consistent administrative operations and should be **periodically reviewed and approved**.



WOW! Our internal procedures are documented now that we created the following files. I can finally take a vacation and Simon in the Business Office can provide coverage.



Written
Processes and
Procedures



Administrative
Regulations



Standard Operating
Procedures, Manuals,
and Organizational
Charts



Training Guides



Libraries of
Applicable Rules
and Regulations



Mandatory
Recurring
Trainings



Assign a
responsible party
for overseeing
processes



Practices













Practices describe the way things are done in a place of business. They often result from the organizational culture and habits which form over time. Practices can be unique to an LEA, but some important practices are listed below.

PRACTICES		GENERAL DESCRIPTION	
	Documentation Standards		Establish consistent guidelines for the creation and storage of relevant supporting documentation.
	Expense Approval Process		Follow established formal expense approval process and document deviations.
	Procurement Limit and Oversight		Establish limits for micro/small purchases, quotations, and formal bid process. If noncompetitive procurement is used, proper justification procedures should be established.
	Administration Committee Structures		Designate committees as needed such as budget, ESSER implementation, etc.
	Compliance with Policies & Procedures		Establish an organizational culture where personnel is encouraged to do the right thing.
	Budget/Forecast Planning		Adopting a budget and comparing deviations monthly, and addressing any deviations are key to providing effective use of grant funding.



Practices

Practices describe the way things are done in a place of business. They often result from the organizational culture and habits which form over time. Practices can be unique to an LEA, but some important practices are listed below.

PRACTICES		GENERAL DESCRIPTION	
	Strategic Planning		Keep the “big picture” in mind, how does management intend to effectively use funding to accomplish its vision.
	Management Depth and Succession		Retain knowledgeable management and have adequate succession plans. (What if Superintendent Jones wins the Lottery)
	Internal Control Standards		Maintain appropriate segregation of duties and internal controls to reduce risks and meet operating, reporting, and compliance objectives.
	Management’s Response to Audit and Monitor Recommendations		Respond to Audit and Monitor recommendations in a timely manner, this may include a change in procedures.
	Compliance with Federal and State Grant Regulations and Guidance		Be aware of the requirements of federal awards at the Federal, State, and Local levels.
	Personnel Administration		Recruiting and training personnel activities are important in the development and continuity of staff.



Personally Identifiable Information (PII)



Properly redacting PII means...

- If your organization has a copy of Adobe Pro, you can use the “Redact” tools found within the program
- If you are sending digital files, but do not have a copy of Adobe Pro, you will need to remove the data from the file before you PDF it. This may involve deleting columns of information or deselecting items to include in auto-generated reports.
- If you are sharing physical files, you can use Sharpies to black out the information. However, you should hold it up to a light to confirm that the data is redacted. You may need to use the Sharpie on both sides of the paper. If this does not work, you may need to cut out the sections with PII on them.

Redaction is not....

- Using black sharpie to cross out numbers, but they're still legible.
- Covering documents with shapes that are able to be deleted.

Types of PII

Name

Date and Place of Birth

Mother's Maiden Name

Biometric Records

Social Security Numbers (SSN)

Driver's License/State ID Number

Passport Number

Medicare ID

*Student Addresses/Healthcare
Records/SSN*

*Personal Bank Account/Credit
Card Numbers*





Common Observations and How to Address Them

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Common Observations and How to Address Them

OBSERVATION	REGULATORY GUIDANCE	RISK	RECOMMENDED ACTION	NEXT STEPS
	PII Sent (w/ and w/out existing measures)			
	2 CFR 200.303(e)			
		Inappropriately disclosing PII to external organizations could pose operational, financial, brand and reputational risk to the Subrecipient.		
			Establish controls around access and distribution to PII information only to authorized personnel. AND If documentation containing PII is necessary to provide to a third party, redact the PII before resending the documentation in question.	
				Take reasonable measures to safeguard protected PII. This includes, but is not limited to, providing training, instating protocol for handling PII, and maintaining a formal policy for protecting PII. A formal PII policy should include, at a minimum, but not limited to: data privacy training; procedures for the collection, storage, use, sharing, and retention of PII; and privacy incident response and reporting. The Subrecipient should also make sure that its staff are made aware of any updates as they are implemented.
	No Prior-Approval Obtained			
	2 CFR 200.407			
		Failure to obtain prior-approval for certain construction and improvement projects, and equipment could result loss of Subrecipient's funding.		
			Immediately gather the necessary required approvals from PDE. If approval is not received, consider removing this cost from grant expenditures.	
				Obtain prior-written approval from PDE for construction, capital expenditures (including equipment with a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or \$5,000) buildings, land, travel, and entertainment costs. Please complete the Program and Budget Revision Request (pa.gov). PDE Prior Approval Page



It's time to
test your
knowledge!

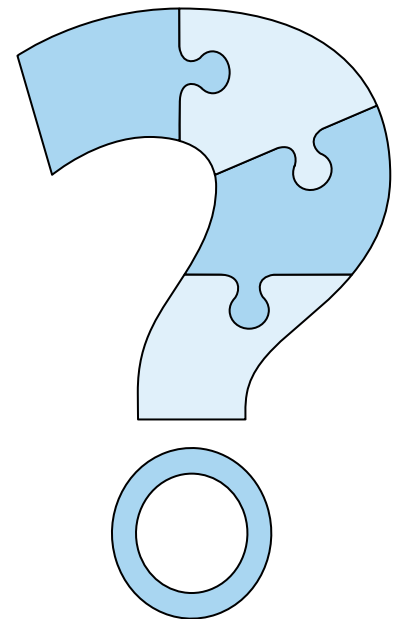
General / Entity Level Standards



Question 1

What is the purpose of adopting grant management policies, procedures, and practices?

- a) To “check the box” on compliance
- ☒ b) To establish and maintain sound general administration and grants compliance
- c) PDE said it was a good idea
- d) To have a clean audit

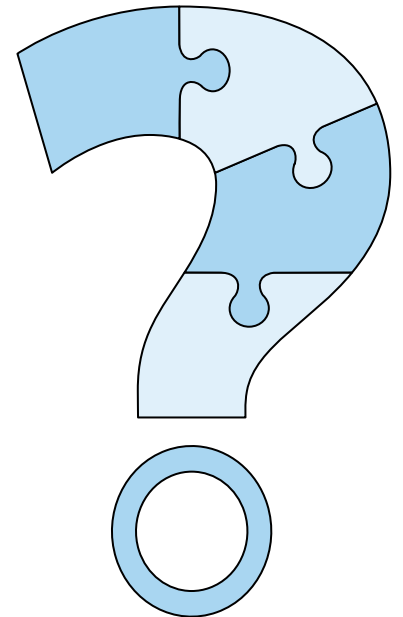




Question 2

Which is **not** one of the three components to maintaining effective governance and controls?

- a) Policies
- b) Procedures
- c) Practices
- d) Curriculum

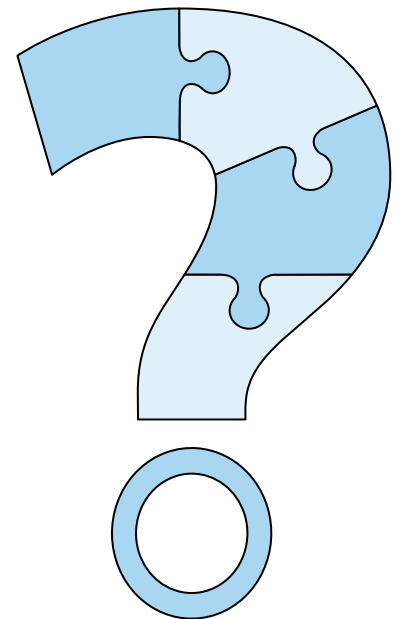




Question 3

Who is responsible for approving School District policies?

- a) The Pennsylvania Department of Education (PDE)
- b) The Pennsylvania School Board Association (PSBA)
- c) The Office of Management and Budget (OMB)
- d) The Office of Inspector General (OIG)
- ☒ e) The Board of Directors (BOD)



Financial Management



Pennsylvania
Department of Education



Introduction to Financial Management



1

What is Financial Management?

Financial Management is the **practice of planning, organizing, controlling, and monitoring the financial resources of an entity**. Mainly, it involves the application of general management principles to use funds efficiently and effectively to meet business goals.

2

Why is it important?

Financial Management is an essential function of businesses and enables them to remain solvent.



Applicable Federal Financial Management Guidance

2 Code of Federal Regulations (CFR) 200 outlines the regulatory guidance surrounding financial management of grants.

Reference	Title	What You Need to Know
§ 200.302(a)	Financial Management	Financial management systems must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions; and 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.
§ 200.302(b)	Financial Management	There are seven items that are required to be implemented into financial management systems of non-Federal entities, which we will cover shortly.
§ 200.334	Retention requirements for records.	Financial records, supporting documents, statistical records, and other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a Subrecipient.
§ 200.403	Factors affecting allowability of costs.	Costs must be necessary and reasonable , conform to limitations or exclusions, be consistent with policies and procedures, be accorded consistent treatment, be determined in accordance with Generally Accepted Accounting Principles (GAAP), not be included as a cost share portion of any other federal program, be adequately documented, and incurred during the budget period.



Key Components of Financial Management



Budgeting

*How to manage
grant budget*



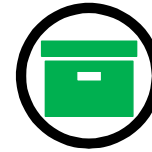
PA Chart of Accounts

*How to code grant
transactions*



Financial Management System Requirements

*As per 2 CFR
200.302 (b)*



Financial Record Keeping

Leading practices



Financial Reporting

*Required
reporting
procedures*



Common Observations and Leading Practices

*Common
observations
made through
monitoring*

Budgeting



2 CFR 200.302 outlines the regulatory guidance surrounding financial management of grants. Some key points are outlined below:

FIVE PILLARS OF BUDGET MANAGEMENT



REVIEW APPROVED BUDGET

Review your initial budget on how you plan on spending your funds in the Subgrant Agreement.



MONITOR SPEND

Begin spending your grant funds towards budgeted areas of your Subgrant agreement.

As you spend funds, track expenditures by object code to assess which are trending over, under, and on budget. Also carefully note any budgetary adjustments to accommodate for newly realized needs.



SUBMIT BUDGETARY REVISIONS

At any point before you submit your final expenditure report, submit a budget revision detailing the accurate areas of spending for the grant.

These budget revisions are required by time of grant closeout when you went over the originally approved budget by 20% or more.



REPORT ON PROGRESS

During the course of the grant program, keep track of expenditures at the detailed level so that you can easily report back actuals to PDE on a quarterly basis.



FINAL EXPENDITURE REPORT

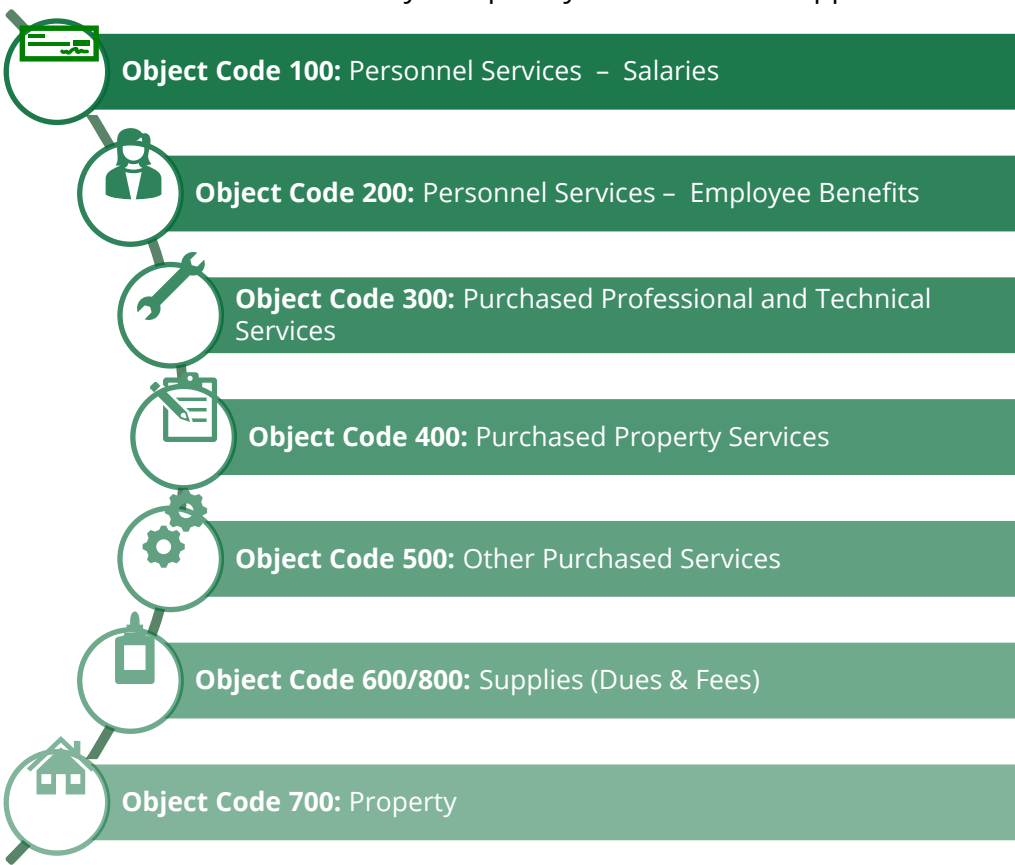
Submit a Final Expenditure Report within 30 days of expending all grant funding. Actual spend must be supported by the General Ledger.

Any increase above 20% per line item will need to have budget revision and be submitted to PDE for approval



Financial Reporting for Pennsylvania Local Education Agencies (LEAs)

PA School Code requires LEAs to maintain financial records in accordance with the **PA Chart of Accounts**, consistent with financial reporting guidance provided in the **Manual of Accounting and Financial Reporting for PA LEAs** in order to produce clear, accurate, uniform and consistent financial reporting. Financial Information is used to calculate tuition rates, actual instructional expense, and produce reports requested by the federal government. In addition, 2 CFR 200.302(b)(3) requires non-Federal entities maintain records that identify adequately the source and application of funds for federally-funded activities.



What is the PA Chart of Accounts?

The PA Chart of Accounts is a manual of financial reporting codes and structures that LEAs must use to record financial activities

When should an LEA use the PA Chart of Accounts?

Throughout the accounting cycle in order to record Revenues, Expenditures and Balance Sheet transactions according to the Manual of Accounting

Where can an LEA find reporting and recording guidance?

The Manual of Accounting and Chart of Accounts are available on [PDE's website](#)

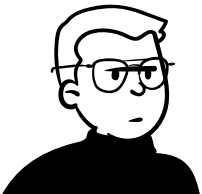
Why does an LEA have to use the Manual of Accounting?

The Manual of Accounting captures and illustrates imperative accounting and financial reporting requirements of Pennsylvania public elementary and secondary school systems in accordance with recognized generally accepted accounting principles (GAAP) for governmental entities and state laws and regulations

Grant Funding Code Identifiers:

986 – ESSER I, **989** – ESSER II, **990** – ARP ESSER 90%
994 – Learning Loss Set Aside, **995** - Summer School Set Aside, **996** – After School Set Aside
998 – ARP ESSER 2.5%

Required Coding Structures



What do I need to know about the Chart of Account account classification and coding structure?

- PDE requires that Subrecipients of Federal awards utilize the coding structure outlined in Section A of the Pennsylvania Chart of Accounts
- Utilizing a clear and concise coding structure helps create an accurate and consistent financial report
- **Figure A** to the right outlines the elements that are required in the LEAs General Ledger
- **Note:** an LEA can arrange the structure in any order they wish, so long as the elements exist

Expenditure dimensions required for reporting to the Commonwealth of PA are:

Fund	Function	Object	Funding Source	Instructional Organization
XX	XXXX	XXX	XXX	XX

The full system of expenditure dimensions is as follows:

Fund	Function	Object	Funding Source	Instructional Organization	Operational Unit	Subject Matter	Job Classification	Special Cost Center
XX	XXXX	XXX	XXX	XX	XXX	XXX	XXX	Number of Digits Varies

Figure A: Expenditure dimensions as required by PA Chart of Accounts Section A

Expenditure Dimension Code Example: General Fund purchase of mathematics textbooks, for regular instruction, at the secondary education level, at ABC Senior High School.

Fund	Function	Object	Funding Source	Instructional Organization	Operational Unit	Subject Matter
10	1110	640	000	30	810	110
10	General Fund					
1110	Instruction – Regular Programs					
640	Supplies – Books & Periodicals					
000	Non-categorical					
30	Secondary Level					
810	ABC Senior High School (3 Digit Code)					
110	Mathematics (3 Digit Code)					

Figure B: A sample of an expenditure dimensions coding structure as required by PA Chart of Accounts Section A

Financial Management System Requirements



With this new information, our financial system will be better than ever!

As per **2 CFR 200.302 (b)**, here are the **seven required** items to be implemented as part of the financial management system of each non-Federal entity receiving a Federal award:

01

Identification, in its accounts, **Federal awards received and expended** and the Federal programs under which they were received.

02

Accurate, current, and complete disclosure of the **financial results** of each Federal award.

03

Well-documented records that adequately **identify the source of funds** for federally-funded activities.

04

Effective control over **funds, property, and other assets**.

05

Comparison of expenditures with budget amounts for each Federal award.

06

Documented procedures to implement **requirements** set forth in **2 CFR 200.305**.

07

Documented procedures for determining **allowability of costs** in accordance with the **terms and conditions** of the Federal award.



Recordkeeping: Keep It Where You Can Retrieve It....Quickly

How

Documentation and Recordkeeping Leading Practices

Complete
Organized
Accurate
Readily Available

What

Procurement

- Plan large procurements in advance
- Execute competitive procurement, when needed
- Retain complete procurement documentation, including rationale for noncompetitive procurement.

Purchasing

- Bundle the purchase order, invoice, and proof of payment for each purchase. Record retention requirements are 3 years per 2 CFR and 7 years per [PA Bulletin](#), unless otherwise stated.

Equipment Management

- Tag federally-funded assets and include funding source
- Maintain 2 CFR 200 compliant inventory records
- Conduct physical inventory reconciliation at least every 2 years

Cost Tracking Requirements

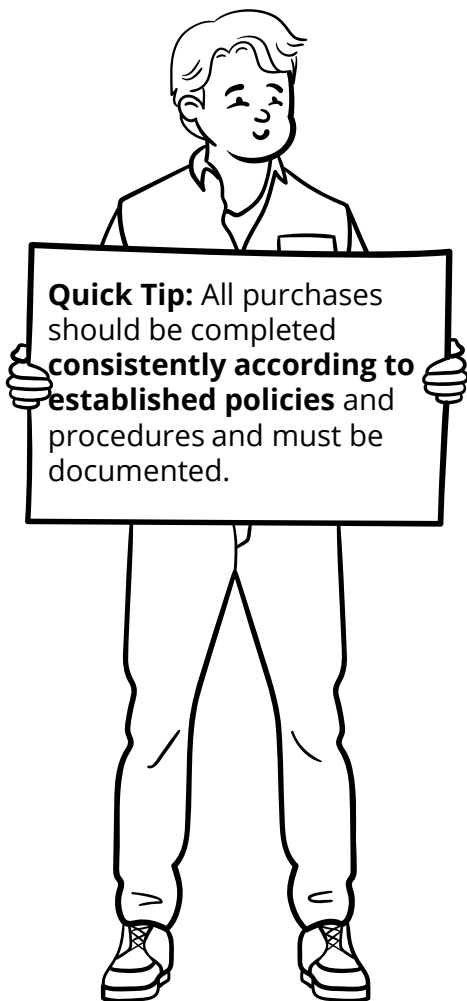
- Maintain records that adhere to cost tracking requirements according the chart of accounts

*An industry leading practice for sound recordkeeping is by implementing an **Electronic Record System**. This will help minimize risk of disorganization, file loss, file damage, etc.*



Financial Records

2 CFR 200.403(g) states that costs must be adequately documented. In the context of Federal awards made to LEAs, this translates to making sure that you maintain **three** important financial records for every purchase from a third-party vendor.



1
2
3

Purchase Order

- PDE advises LEAs to adopt formal purchasing procedures for all purchase types (Micro, Small, Sealed Bids, Competitive and Non-Competitive).
- Purchase orders or equivalent approvals demonstrate prescribed processes unique to the needs of each LEA and **should always be completed prior** to the purchase of goods and services.
- Purchase orders/approvals are internal documents that should be signed by the proper authorized individuals.



Invoice

- An invoice is a third-party document provided by the vendor/contractor that the Local Education Entity (LEA) is conducting business with.
- An invoice can be:
 - A receipt from an in-store purchase
 - An itemized breakout of items/services purchased
 - A certificate of payment w/ a continuation sheet (seen in construction projects)



Proof of Payment

For Services and/or Goods:

Third party verification of payment

- Cleared Check
- Automated Clearing House (ACH) Transfer
- Bank Statements

For Payroll:

- Paystubs
- Payroll Register



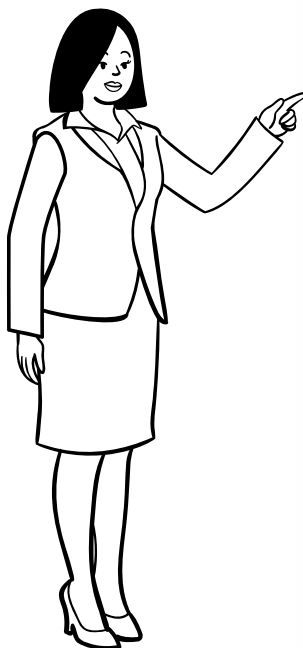
Financial Reporting

Actions to be taken for reporting Federal grant financials to PDE

Quarterly Cash On Hand Reconciliations

- PDE requires that LEAs complete Reconciliation of Cash on Hand Quarterly Reports by the 10th working day after each quarter. This requirement is applicable to Federal programs.
- Grant recipients are required to submit these reports electronically using the FAI system.
- Failure to submit quarterly reports on time or electronically will result in suspension of payments until report has been received by PDE.

So, I must submit this form on a quarterly basis?



*** Final Expenditure Report (FER) is another required financial report. More guidance to come on the FER in the closeout section.**

COMMONWEALTH OF PENNSYLVANIA - Labor Education and Community Services Comptroller's Office

☐ REVISED REPORT
(Check if Applicable)

RECONCILIATION OF CASH ON HAND QUARTERLY REPORT

All reports, including delinquent reports, must be received in the Federal Subsidies Section no later than the 10th working day of the month of submission in order to be processed for payment in the next cycle. Failure to submit this report in a timely fashion may result in the suspension of this project's payments. Reports that are submitted that DO NOT apply to the reconciliation period are not kept on file. (Refer to the applicable fiscal guidelines for additional information.)

READ THE INSTRUCTIONS ON THE REVERSE SIDE BEFORE COMPLETING THIS FORM.

DO NOT SEND this report to the Labor, Education and Community Services Comptroller's Office.

PART I			
GRANTEE			
ADDRESS (STREET, CITY, STATE, ZIP CODE)			
QUARTER ENDED	PROGRAM - PROJECT NUMBER	APPROVED PROJECT AMOUNT	MONTHLY PAYMENT AMOUNT
	200 - 210335	\$XXX	\$XXX
PART II			
1. Total Cash Received			\$XXX
2. Total Cash Disbursed			\$XXX
3. Cash on Hand (Line 1 Less Line 2)			\$XXX
4. Schedule Monthly Payment			\$XXX
5. Cash Available (Line 3 Plus Line 4)			\$XXX
6. Estimated Cash Requirement for the Month of: July			\$XXX
7. Status of Cash (Line 5 Less Line 6)			\$XXX
PART III			
COMMENTS (JUSTIFICATION FOR EXCESS CASH ON HAND/EXTRAORDINARY CASH NEEDS):			
Question: Do you have extraordinary cash needs? Answer: XXX			
PART IV			
CERTIFICATION: I CERTIFY THAT THIS REPORT IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE:			
TYPE / PRINT (AUTHORISED REPRESENTATIVE)	SIGNATURE (AUTHORISED REPRESENTATIVE)	DATE: MM/DD/YYYY	
NAME OF PROGRAM CONTACT PERSON:		AREA CODE & PHONE NUMBER:	
DEPARTMENT OF EDUCATION USE ONLY:		STATE AGENCY APPROVAL OF SPECIAL REQUESTS:	DATE:

PDE-2030 (07/97)

Figure A: Quarterly Reconciliation of Cash on Hand form from PDE



Calculating Interest Earned from Federal Grants

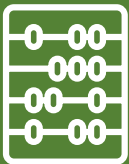


How can I stay compliant with interest earned?



Consider regulations, guidance, and your own policy:

Federal Guidance (2 CFR 200.305b(9)) does not define the period for calculating interest earned as annual. However, a **recommended leading practice is to calculate interest based on your Fiscal Year.**

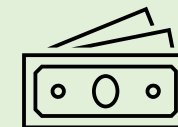


Remember that LEAs are responsible for sound management practices based on their unique combination of resources as per Federal Guidance (2 CFR 200.400(c)).



LEAs should document their policy for calculating interest earned on Federal funds. Those that adopt PSBA policies should review the 626 Cash

Management Policy, which states: “interest accruing on total federal grant cash balances shall be calculated on cash balances per grant and applying the actual or average interest rate earned.



Interest Earned from Federal Grants – To Retain or Return?



[2 CFR 200.305](#) requires grantees and sub-grantees to remit interest earned on federal advance payments to the federal agency.

LEA's must maintain advance payments of Federal awards in interest-bearing accounts unless it receives less than \$250,000 in federal awards per year, does not expect to earn \$500 in interest or bank deposit minimums are unreasonable.

Grantees or sub-grantees may retain interest amounts up to **\$500 per year** for related administrative expenses. Interest earned greater than \$500 on federal advance payments deposited in interest-bearing accounts must be remitted annually to the U.S. Department of Health and Human Services Payment Management System (PMS) through an electronic medium using either Automated Clearing House (ACH) network or a Fedwire Funds Service payment.



(i) To return interest on federal awards paid through PMS, the refund should:

- (A) Provide an explanation stating that the refund is for interest
- (B) List the PMS Payee Account Number(s) (PANs)
- (C) List the federal award number(s) for which the interest was earned
- (D) Make returns payable to: U.S Department of Health and Human Services





(ii) To return interest on federal awards not paid through PMS, the refund should:

- (A) Provide an explanation stating that the refund is for interest
- (B) Include the name of the awarding agency
- (C) List the federal award number(s) for which the interest was earned
- (D) Make returns payable to: Department of Health and Human Services



Common Observations and How to Address Them

OBSERVATION	 No Purchase Orders and/or Invoices	 Misclassified Object and/or Funding Code
	2 CFR 200.403(g)	2 CFR 200.403(g)
	Failure to follow required internal purchasing procedures could result in deobligation or loss of the Subrecipient's funding.	Failure to keep adequate documentation of costs could result in errors in reporting including loss of funding.
	Locate the missing PO/Invoice in question. OR Consider removing the expenditure in question from the grant if unable to locate the missing documentation.	Create a journal entry to move the expenditures to the appropriate coding category in your financial system.
	Train staff to periodically test the purchasing process for consistency and adequacy.	Implement safeguards to check expenditures being reported and recorded to make sure they align with the proper object/funding code as per the PA Chart of Accounts. Train staff on the importance of accurately classifying expenditures and maintaining accurate records.



Common Observations and How to Address Them

OBSERVATION
REGULATORY GUIDANCE

No Reconciliation to General Ledger

2 CFR 200.403(g)

RISK

Failure to adequately record and reconcile expenses could lead to reporting errors and/or loss of funding.

RECOMMENDED
ACTION

Proactively and accurately record grant transactions according to the PA chart of accounts and make sure that expense and other information can be traced.

NEXT STEPS

Perform book to bank reconciliations at least monthly and confirm that expenses are properly recorded.



Missing or Bad Proof of Payment

2 CFR 200.403(g)

Failure to adequately reconcile payments and maintain proper documentation could result in over/underpayments and exposes LEA to loss of funding.




Retroactively reconcile payments and document proof of payment.
OR
Consider removing the expenditure in question from the grant if unable to locate the missing documentation.

Maintain a system for ensuring payments are adequately documented and reconciled.

Adopt a formal book to bank reconciliation process with reviewer and approver signatures.



Common Observations and How to Address Them

	 No Interest Tracking Procedures	 Invoice Amount Greater Than PO Amount	 No Use of Chart of Accounts Structure
OBSERVATION			
REGULATORY GUIDANCE	2 CFR 200.305 (b)(8)	2 CFR 200.403(g)	PA Chart of Accounts for LEAs Section A: Account Classification and Coding Structure
RISK	Failure to track and monitor interest earned with ESSER grants could result in deobligation or loss of the Subrecipient's funding.	Failure to follow required internal purchasing procedures could result in deobligation or loss of the Subrecipient's funding.	Failure to use the required classification structure when recording Federal grant expenditures could result in inaccurate reporting of grant funds, as well as loss of Subrecipient funding.
RECOMMENDED ACTION	Establish an internal system for tracking and recording interest earned to make sure that interest amounts in excess of \$500 are returned to the designated agency. AND Adopt a formal Cash Management Policy or similar that outlines the steps for interest tracking and remittance.	Consider reducing the amount put towards the grant to align with the PO amount.	Formally adopt the PA Chart of Accounts into the LEA's accounting system.
NEXT STEPS	Conduct periodic reviews of interest tracking procedures to make sure compliance with grant requirements and remit excess interest income to PDE as needed.	Strengthen and/or establish formal purchasing and payment procedures that have adequate controls in place prior to payment Periodically test the internal controls over requisitions, approvals and payment. Cross-check purchase orders and invoices to confirm their amounts match prior to making payment.	After adoption, the LEA should receive the appropriate training as needed into the proper recording structure and expand the scope of audits to include selective testing of new system.



It's time to
test your
knowledge!

Financial Management

Question 1



Which section of Uniform Grant Guidance contains the requirements for a Financial Management System?

- a) 34 CFR 76.665 (a)
- b) Appendix B
- ☒ c) 2 CFR 200.302 (b)
- d) 2 CFR 200.320 (b)



Question 2



How often should PDE cash-on-hand reconciliations be performed?

- a) Quarterly
- b) Semi-Annually
- c) Annually
- d) Monthly



Internal Controls



Pennsylvania
Department of Education





What Are Internal Controls And Why Are They Important?

Internal controls are the processes designed and implemented by non-Federal entities to provide reasonable assurance regarding the achievement of objectives in the following categories:

- (i) Effectiveness and efficiency of operations;
- (ii) Reliability of reporting for internal and external use; and
- (iii) Compliance with applicable laws and regulations.

2 CFR 200.1 Definitions

These controls help to prevent errors, detect fraud, and provide a clear audit trail of financial activities.

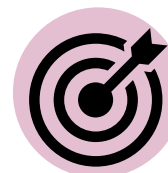
Examples:



Segregation of Duties



Regular Audits



Maintaining Accurate and Complete Financial Records



Confirming Proper Authorization and Approval of Transactions

Control Types



Manage Risks and Exposure with Detective, Preventing, and Corrective Controls.

I had no idea there was so much to know about Internal Control standards. Are there different control types or levels that I need to be aware of?



Corrective

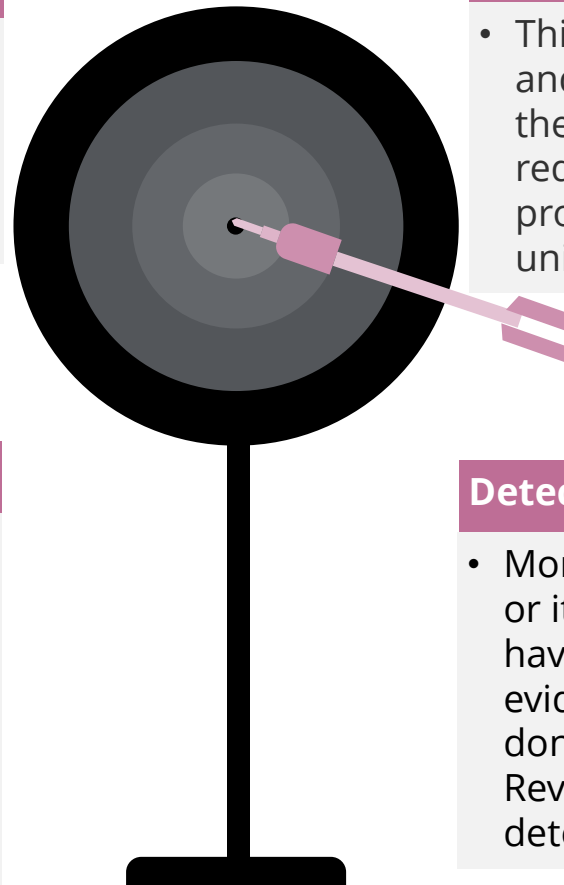


- Staff members involved in financial operations should receive training on the organization's policies and procedures and understand their roles and responsibilities in maintaining effective internal controls

Proactive



- Thinking in terms of detecting, preventing, and correcting risks of errors, fraud and theft to the LEA. Risk Management reduces risk of loss and risk of claw back provisions for noncompliance with uniform guidance.



Preventative



- Prevent errors or fraud through documentation and authorization. For example, segregation of duties makes sure that no one person is in a position to authorize, record, and maintain a financial transaction and its corresponding asset. Confirming expenses and authorizing invoices are preventive internal controls, as is limiting physical access to equipment, inventory, cash, and other assets

Detective



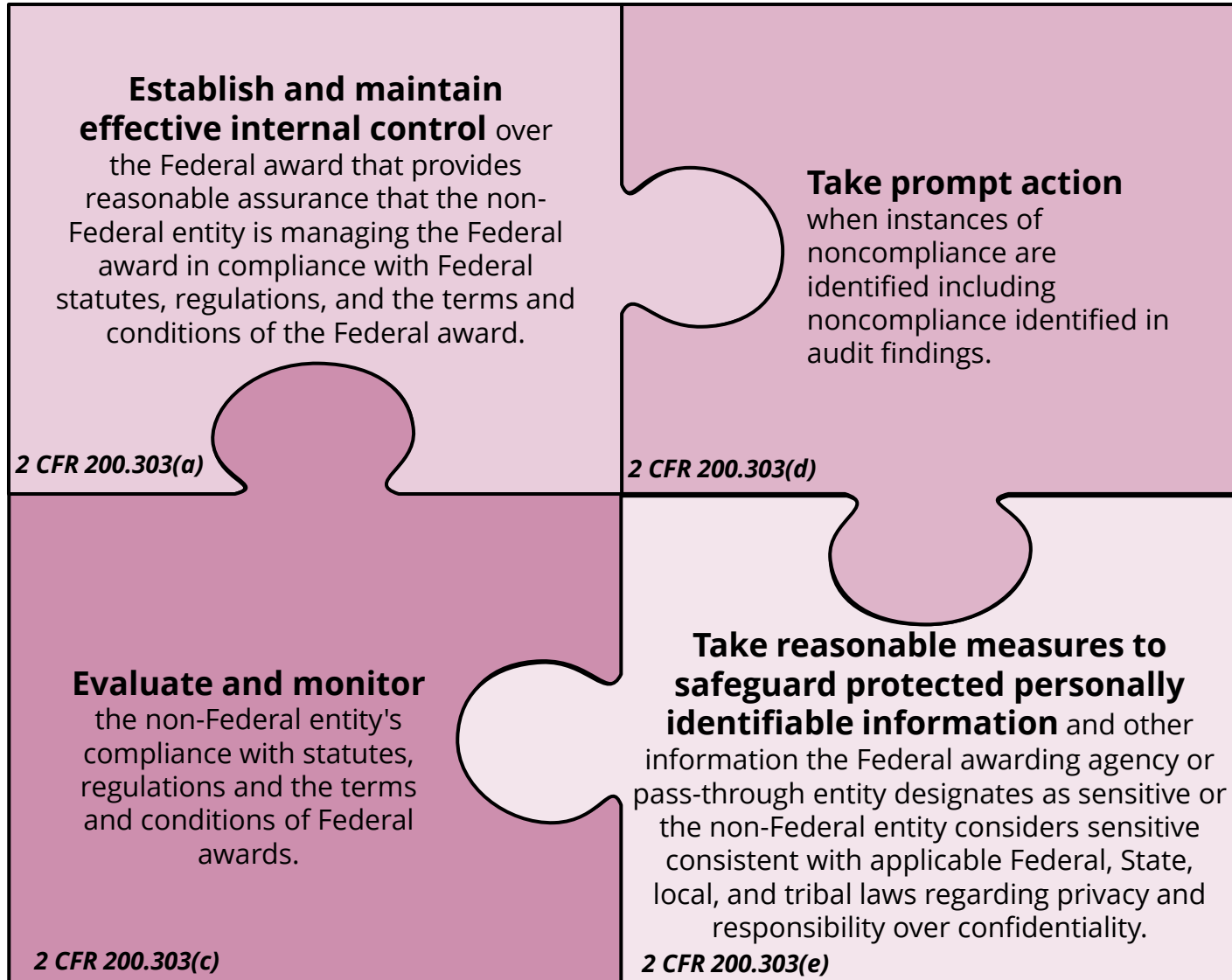
- Monitoring procedures that uncover events or items that preventive controls might have missed. Detective controls provide evidence that a loss has occurred, but they don't prevent a loss from happening. Reviews, analyses, and inventory are detective controls.

2 Code of Federal Regulations (CFR) 200 and Internal Controls



Non-Federal entities are required to maintain effective internal control over Federal award as per **2 CFR 200.303**

R E Q U I R E M E N T S



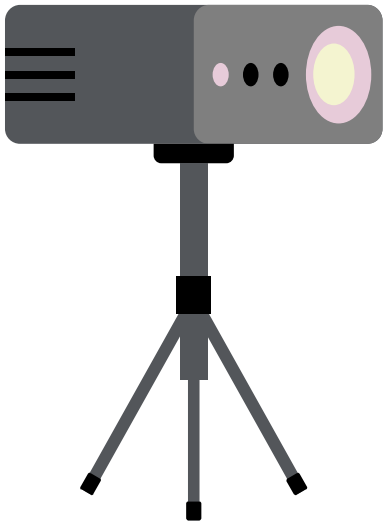
Recommendation

Internal controls should follow 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).



COSO's 5 Components of Internal Controls

To properly design and execute financial internal controls, Learning Educational Agencies (LEAs) should take a complete approach that includes the following steps:



Risk Assessment

- LEAs should identify the risks associated with their financial operations and determine which controls are necessary to mitigate those risks. This assessment should be conducted regularly to make sure that controls are effective and up to date.



Control Activities

- LEAs should develop clear policies and procedures that outline the processes for financial transactions, including authorization and approval processes, reconciliations, **segregation of duties**, and record-keeping requirements. See General/Entity Level Standards Section for additional information.



Information and Communication

- Internal communication system by which information is properly communicated to enable personnel to effectively execute control responsibilities.



Monitor and evaluate

- LEAs should regularly monitor and evaluate their internal controls to make sure that they are effective in mitigating risk and achieving their intended goals. This includes conducting regular audits and reviews of financial processes and procedures.



Control Environment

- LEAs should maintain an effective internal control environment commensurate with the size and complexity of the federal award and level of transactions.

For more guidance on this topic, please review the [Guidance on Internal Control | COSO](#)



It's time to
test your
knowledge!

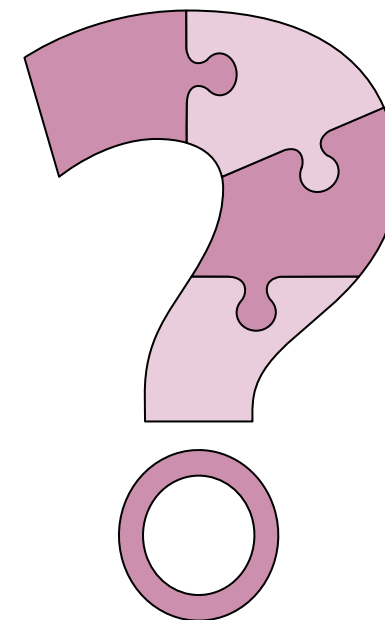
**Internal
Controls**

Question 1



Which is **not** an example of an internal control?

- a) Segregation of Duties
- ☒ b) Promoting Personnel
- c) Regular Audits
- d) Maintaining Accurate and Complete Financial Records

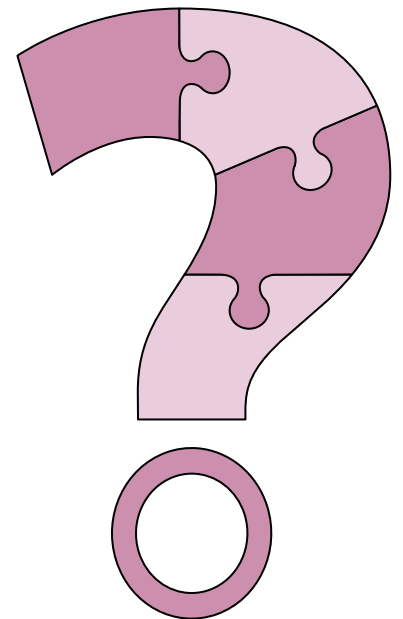


Question 2



What are the four control types?

- a) Corrective, Preventative, Proactive, and Detective
- b) Preventative, Corrective, Proactive, and Detriment
- c) Proactive, Active, Inactive, and Corrective
- d) Directive, Detective, Elective, and Corrective



Procurement



Pennsylvania
Department of Education



Introduction to Procurement



DEFINITION



What is procurement?

The act of purchasing goods or services from an external organization.



DESIRED OUTCOMES



To become more cost effective

Supporting cost reasonableness of purchases through price comparisons such as quotes or bids



To promote fair and open competition in procurements

Shopping on the open market provides more vendors the opportunity compete for your business, which may result in an increased quality and/or decreased price of the goods or services being purchased



Applicable Federal Procurement Guidance

2 CFR 200.318–327 procurement requirements apply to non-federal entities using federal funds. While you should familiarize yourself with these, we will cover the more complex areas highlighted in blue.

Reference	Title	What You Need to Know
§ 200.318	<u>General procurement standards.</u>	General guidance for non-federal entities, including but not limited to adhering to federal, state, and local procurement requirements, maintaining contractor oversight, having written standards governing conflicts of interest.
§ 200.319	<u>Competition.</u>	Procurements must provide for full and open competition
§ 200.320	<u>Methods of procurement to be followed.</u>	Outlines the thresholds, applicability, and requirements for each procurement method: informal (micro purchases and small purchases), formal (sealed bids and proposals), and noncompetitive.
§ 200.321	<u>Contracting with small and minority businesses, women's business enterprises, and labor surplus area firms.</u>	Take the necessary Minority and Women-Owned Business Enterprises (WBE) affirmative steps
§ 200.322	<u>Domestic preferences for procurements.</u>	Provide a preference for the purchase, acquisition, or use of goods, products, or materials produced in the United States
§ 200.323	<u>Procurement of recovered materials.</u>	Comply with section 6002 of the Solid Waste Disposal Act
§ 200.324	<u>Contract cost and price.</u>	Perform a cost or price analysis in connection with every procurement action in excess of the Simplified Acquisition Threshold (SAT = \$250,000)
§ 200.325	<u>Federal awarding agency or pass-through entity review.</u>	Make procurement documentation available at the request of the Federal awarding agency or pass-through entity
§ 200.326	<u>Bonding requirements.</u>	Minimum bonding requirements for construction or facility improvement (sub)contracts exceeding the SAT
§ 200.327	<u>Contract provisions.</u>	Provisions required for contracts

General Procurement Standards

Here are some key requirements from 2 CFR 200.318 that all non-Federal entities must follow:



Must have and use documented procurement procedures, **consistent with State, local, and tribal laws and regulations and the standards of this section** (2 CFR 200.317 -> 200.327).



Must **maintain oversight** to make sure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.



Must maintain **written standards** of conduct covering **conflicts of interest** and governing the actions of its employees engaged in the selection, award and administration of contracts.



Must **award contracts only to responsible contractors** possessing the ability to perform successfully under the terms and conditions of a proposed procurement



Must **avoid acquisition of unnecessary or duplicative** items.



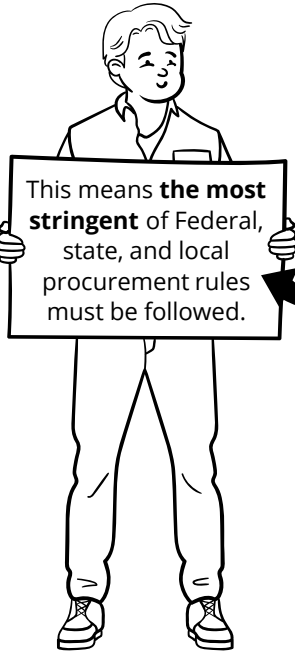
Must **maintain records** sufficient to detail the **history of procurement**.



May use a **time-and-materials** type contract **only** after a determination that **no other contract is suitable** and if the contract includes a **ceiling price**.



Must be responsible for the **settlement of all contractual and administrative issues** arising out of procurements.



Procurement Matrix

Most stringent of Federal (2 CFR 200.318 and 200.320) and state thresholds (PA Bulletin)



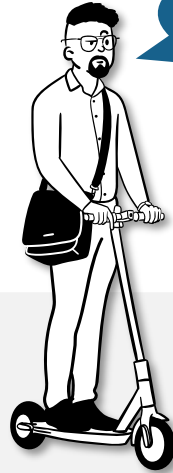
Method	Goods/Supplies	Services	Requirements
Micro-purchase (No quotes required)	Less than \$10,000 <i>Note: Must use more restrictive \$0 Federal threshold instead of no state requirements under \$11,800</i>	Less than \$10,000 <i>Note: Must use more restrictive \$10,000 Federal threshold instead of state exemption for services</i>	<ul style="list-style-type: none"> consider price to be reasonable distribute equitably among suppliers to the extent practical
Small Purchase Procedures (Relatively simple and informal)	\$10,000 - \$23,200 <i>Note: Must use more restrictive \$10,000 Federal threshold instead of \$22,500 state threshold</i>	\$10,000 - \$249,999 <i>Note: Must use more restrictive \$10,000 Federal threshold instead of state exemption for services</i>	<ul style="list-style-type: none"> obtain/document price or rate quotations from a reasonable number of qualified sources (at least three per 24 PS 8.807.1) written or documented quotes
Sealed Bids (Formal advertising)	\$23,200 or more <i>Note: Must use more restrictive \$23,200 state threshold instead of \$250,000 Federal threshold</i>	N/A	<ul style="list-style-type: none"> bids are publicly solicited firm fixed price contract awarded to the responsible bidder lowest in price cost / price analysis for purchases in excess of the Simplified Acquisition Threshold (SAT) (\$250,000)
Competitive Proposals (Formal Request for Proposals (RFPs))	N/A	\$250,000 or more <i>Note: Must use more restrictive \$250,000 Federal threshold instead of state exemption for services</i>	<ul style="list-style-type: none"> bids are publicly solicited price is not used a sole selection factor fixed price or cost-reimbursement type contract is awarded cost or price analysis for purchases in excess of the SAT (\$250,000)
Non-Competitive Proposals (Sole Source)	Appropriate only when one of these circumstances apply: <ul style="list-style-type: none"> Available only from a single source (sole source) Public emergency After soliciting a number of sources, competition is deemed inadequate 		<ul style="list-style-type: none"> solicitation from only one source used only when qualifying circumstances apply fixed price or cost-reimbursement type contract is awarded

Note: Local procurement policies would also apply!

Goods vs. Services



Competitive procurements thresholds are different for goods vs. services. How do I know which one applies my purchase?



GOODS

TANGIBLE ITEMS PURCHASED FROM AN OUTSIDE ENTITY

EXAMPLES

- Facemasks
- Computers
- Hand sanitizers
- Floor scrubbers
- Vehicles
- Books

Object Codes

- 600s
- 800s



SERVICES

TASKS PERFORMED BY AN OUTSIDE ENTITY

EXAMPLES

- Heating, Ventilation, and Air Conditioning (HVAC) installation or remodeling
- Transportation
- Tutoring support
- Counselor support

Object Codes

- 300s
- 400s
- 500s



Cooperative Purchasing Networks



Can I use cooperative purchase networks for Federal grant purchases?

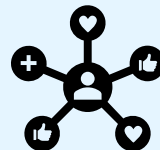


Yes, BUT you are responsible for:

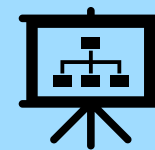
Following the **most stringent of federal, state, and local** procurement requirements



Understanding the **procurement method used** by the cooperative purchasing network and making sure it aligns to the most stringent threshold



Requesting and **retaining documentation to demonstrate the full history of procurement**, including but not limited to: bid tabulation, proof of public advertisements, rationale for procurement method, vendor selection/rejection justification, cost/price analysis, and contract



Non-Competitive Procurement



When is sole source method allowed?



Per 2 CFR 200.320(c), in order for sole source to be allowable it must A) be documented and B) apply to one of the following situations:

DOCUMENTATION REQUIREMENT:

A written justification must be developed and archived by the LEA at the time of procurement when using this procurement method



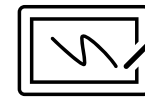
The aggregate dollar amount **does not exceed the micro-purchase threshold**



The item is available only from a **single source**



The **public exigency or emergency** for the requirement will not permit a delay resulting from publicizing a competitive solicitation



The Federal awarding agency or pass-through entity expressly **authorizes a noncompetitive procurement** in response to a written request from the non-Federal entity



After solicitation from several sources, **competition is deemed inadequate**

Formal or informal **competitive procurement is preferred** when purchases exceed the micro-purchase threshold.
The above non-competitive procurement reasons should be used on an exception-basis.

SAM.gov

A **SAM** registration and cross checking for debarment is required for **government** contracts and to receive grants.




What is SAM.gov?

The U.S. Government's System for Award Management (SAM.gov) is a free website that allows **businesses and government entities to register** on in order to **do business with the U.S. Government**.



How do I check an entity's status on SAM.gov?

Login to SAM.gov using your Login.gov credentials and **use the search tab** to run the entity's name against the database. Information that will appear regarding the entity include: registration status, Unique Entity Identification (UEI), debarment/suspension (if applicable), and other important entity information.



Here's what you need to know about SAM.gov

Why must I use it?

To **reduce risk** of awarding contracts to debarred or suspended vendors in accordance with 2 CFR 200.214. **Debarred or suspended** vendors are excluded from doing business with the Federal government. Any payment for goods or services to excluded vendors is subject to **claw back provisions**.



How much does it cost me to register on SAM.gov?

Registering your entity on SAM.gov is **FREE**. Since entities receiving Federal funds are required to have an active registration, there is no cost associated with this website. **Beware of third-party vendors offering to register your entity in SAM.Gov**. Registering is quick and easy.





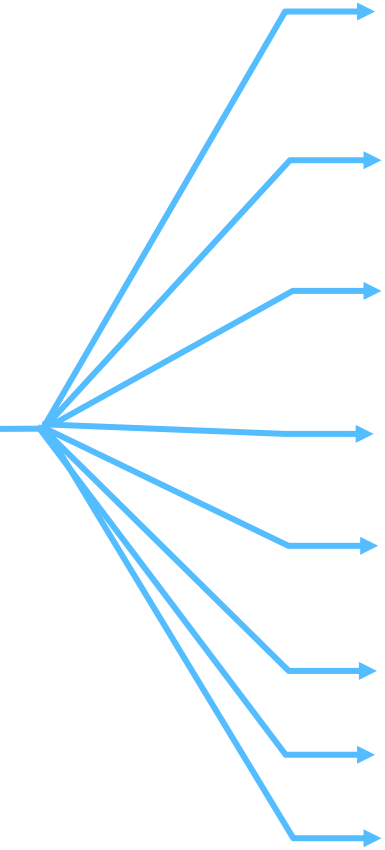
Full And Open Competition

Guidance on how to help make sure you are fairly, and openly competing procurements made using Federal funding, per 2 CFR 200.319 (a-c)

What are the rules?

- Procurement transactions for the acquisition of property or services required under a Federal award must be conducted in a manner providing **full and open competition**
- In order to maintain objective contractor performance and **eliminate unfair competitive advantage**, contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals **must be excluded** from competing for such procurements.

What actions are considered *restrictive of competition*?

- 
- Placing **unreasonable requirements** on firms in order for them to qualify to do business
 - Requiring **unnecessary experience** and **excessive bonding**
 - Noncompetitive pricing practices** between firms or between affiliated companies
 - Noncompetitive contracts** to consultants that are on retainer contracts
 - Organizational **conflicts of interest**
 - Specifying **only a "brand name"** product instead of allowing "an equal" product to be offered
 - Any **arbitrary action** in the procurement process
 - Use of **geographic preferences** in evaluation of bids



Soliciting MWBEs

What must we do to comply with requirements?



Suggested resources for locating MWBE firms:

- ✓ Access the [PA Dept. of General Services Supplier Search Database](#) which contains a list of Small Businesses, Small Diverse Businesses, and Veteran Business Enterprises
- ✓ Reach out to your local Intermediate Unit (IU) to see if they maintain a list

Per 2 CFR 200.321(b), you must follow these 6 affirmative steps:



Include them on solicitation lists



Reach out to them when they are potential sources



Divide requirements when possible



Create schedules to encourage participation



Reach out to organizations that can help



Make sure your contractors are taking the same steps

1

Placing qualified small and minority businesses and women's business enterprises **on solicitation lists**; You can find qualifying business [here](#).

2

Assuring that small and minority businesses, and women's business enterprises **are solicited** whenever they are potential sources;

3

Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses, and women's business enterprises;

4

Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority businesses, and women's business enterprises;

5

Using the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce; and

6

Requiring the prime **contractor**, if subcontracts are to be let, **to take the affirmative steps** listed in paragraphs (b)(1) through (5) of this section.



Contract Cost and Price

Additional requirements that apply to procurements exceeding the SAT (\$250,000), per 2 CFR 200.324



Cost or price analysis

Perform a cost or price analysis in connection with **every procurement action in excess of the SAT** including contract modifications. **Must be performed before receiving bids or proposals.**



Negotiate profit as a separate element of price

Negotiate **profit as a separate element of the price** for each contract in which there is no price competition and, in cases, where cost analysis is performed



Cost plus percentage of cost contracts prohibited

The cost plus a percentage of cost and percentage of construction cost methods of contracting **must not be used**



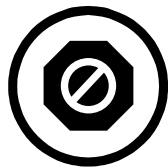
COST VS. PRICE

- **Cost** is the expense incurred for making a product or service that is sold by a company.
- **Price** is the amount a customer is willing to pay for a product or service.



Contract Provisions

There's a lot of them, as outlined in 2 CFR 200.327 & Appendix II. What are they and when are they needed?



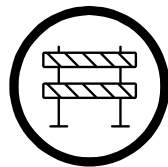
Remedies for Contract Breach

Contracts greater than SAT



Termination for Cause & Convenience

Contracts greater than \$10K



Equal Employment Opportunity

Construction contracts



Davis-Bacon Act

Prime construction contracts greater than \$2K (*more to come on the next slide*)



Contract Work Hours & Safety Standards Act

Contracts greater than \$10K that involve employment of mechanics or laborers



Telecommunications & Video Surveillance

Contracts and subawards



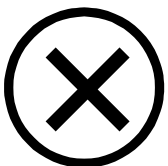
Rights to Inventions

Contracts with small businesses or nonprofits regarding experimental or research work



Clean Air Act & Federal Water Pollution Control Act

Contracts & subgrants greater than \$150K



Debarment & Suspension

Contracts and subawards



Byrd Anti-Lobbying

Contracts exceeding \$100K



Recovered Materials

Contracts and subawards



Domestic Preferences

Contracts and subawards

Note: The LEA should perform debarment & suspension checks in sam.gov **prior to contract award!** Failure to do so could result in loss of funding if the vendor is debarred or suspended.



Davis-Bacon Act

Per 40 U.S.C. 3141, the Davis-Bacon Act (DBA) is a federal law that established the requirement for paying the local prevailing wages on **federally funded contracts in excess of \$2,000 for the construction, alteration, and/or repair**, including painting and decorating, of public buildings or public works

What steps must LEAs follow to comply with the DBA?

- ✓ Determine prevailing wage and incorporate into solicitation (can be found on [SAM.gov](https://sam.gov))
- ✓ Include provisions for compliance with the Davis-Bacon Act in the solicitation and contract
- ✓ Include a provision for compliance with Anti-Copeland Kickback Act in the solicitation and contract
- ✓ Monitor contractor's weekly payrolls and compare against wage determinations to confirm that wages and fringes are being paid in accordance with prevailing wages
- ✓ Conduct and document on-site wage verification interviews
- ✓ Report suspected or reported violations to the Federal awarding agency

?



...what about contractors?




- ✓ Display Davis-Bacon poster and wage determination in a conspicuous place at the construction site
- ✓ Pay wages to laborers and mechanics at a rate not less than the prevailing wages specified in a wage determination
- ✓ Pay wages not less than once a week
- ✓ Submit weekly certified payrolls to LEA within 7 days after the regular payment date of the payroll period



Contractor not complying? Consider withholding payment to the contractor until invoice is amended to align with prevailing wages.






Common Observations and How to Address Them

	 No Quotes	 No Competitive Procurement	 No Contract Terms and Conditions
OBSERVATION			
REGULATORY GUIDANCE	2 CFR 200.320(a)(2)(i)	2 CFR 200.318(i)	2 CFR 200.327
RISK	Failure to follow required procurement procedures could result in claw-backs or loss of Subrecipient funding.	Failure to follow required procurement procedures could result in claw-backs or loss of Subrecipient funding.	Procurement of contracts that don't have required 2 CFR terms and conditions procured using Federal funds could result in claw-backs or loss of Subrecipient funding
RECOMMENDED ACTION	<p>Consider removing costs that were improperly procured from grant expenditures.</p> <p>OR</p> <p>Determine if the situation met any of the allowable noncompetitive reasons per 2 CFR 200.320(c). If so, document that in a sole source justification memo and archive in files.</p> <p>OR</p> <p>Locate publicly available cost data of similar goods/services and archive in files to establish cost reasonableness retroactively. Develop a memo comparing market cost against price paid to determine if price was reasonable.</p>	<p>Consider removing costs that were improperly procured from grant expenditures.</p> <p>OR</p> <p>Determine if the situation met any of the allowable noncompetitive reasons per 2 CFR 200.320(c). If so, document that in a sole source justification memo and archive in files.</p> <p>OR</p> <p>Locate publicly available cost data of similar goods/services and archive in files to establish cost reasonableness retroactively. Develop a memo comparing market cost against price paid to determine if price was reasonable.</p>	<p>Work with vendors to create a contract amendment to include required Federal terms and conditions and archive amendment in files.</p>
NEXT STEPS	Train staff on the importance of obtaining three price or rate quotations for supplies and service procurements exceeding State and Federal procurement thresholds. Implement controls to confirm that an effective procurement method is used based on expected cost. Confirm quotes are written and retained in files.	Train staff on the importance of following competitive procurement requirements for procurements exceeding State/Federal procurement thresholds. Implement controls to confirm that an effective procurement method is used based on expected cost. Confirm full history of procurement is retained in files, including bid tabulation, public advertisement, RFP, etc.	<p>Train staff on required provisions. Request in the initial RFP and public advertisement that contracts are to require the terms and conditions set forth in 2 CFR 200.327 where applicable.</p> <p>Implement steps to check contracts to confirm that these terms and conditions are being mentioned.</p>






Common Observations and How to Address Them

	 No UEI Registration in SAM.gov	 No Cost Price Analysis	 No MWBE Solicitation
OBSERVATION			
REGULATORY GUIDANCE	2 CFR Part 25	2 CFR 200.324(a)	2 CFR 200.321(a)
RISK	Failure to register the organization with SAM.gov and obtain a UEI could result in claw-backs or loss of funding.	Failure to perform a cost or price analysis could result in claw-backs or loss of the Subrecipient funding.	Failure to take affirmative steps to solicit and use MWE businesses when possible could result in claw-backs or loss of the Subrecipient's funding.
RECOMMENDED ACTION	<p>Take immediate action to register your district in SAM.gov and archive evidence of that in files.</p> <p>OR</p> <p>If you have reason to believe you are registered, but monitors were unable to find your registration publicly, it could be because your settings are set to "private". Call the SAM.gov helpdesk for guidance on how to set setting to "public".</p>	<p>Locate publicly available cost data of similar goods/services and archive in files to establish an independent cost analysis retroactively. Develop a memo comparing market cost against price paid to determine if price was reasonable and retain in files</p>	<p>Work with your procurement team to determine if any vendors you've requested bids or quotes from in the past qualify as MWBEs. If they do, save the outreach attempts in procurement files.</p>
NEXT STEPS	<p>Determine responsible party for registering your district in SAM.gov and renew annually.</p> <p>Create an annual reminder to be sure your registration is renewed on time each year.</p>	<p>Implement procedures to conduct and document a cost price analysis for any procurements over the simplified acquisition threshold (SAT), which is currently \$250,000, prior to bidding.</p>	<p>Train staff on affirmative steps and develop a MWBE checklist that is built into procurement processes to make sure those steps are followed with future competitive procurements. Reach out to your IU and/or look online for a complete list of MWBE in your area.</p>



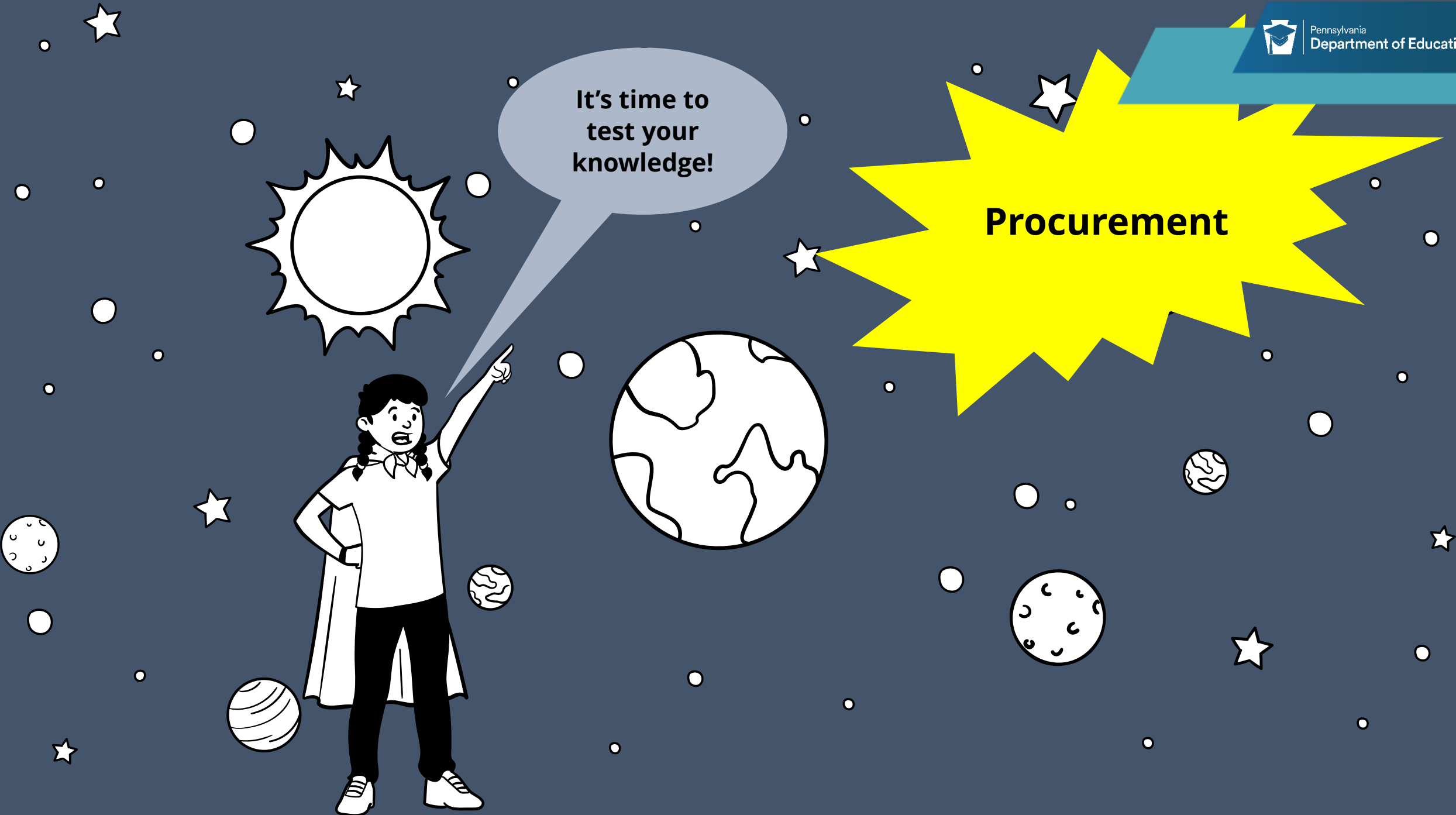
Common Observations and How to Address Them

	 No Formal Written Agreement	 No Non-Competitive Procurement Justifications	 No Debarment Check
OBSERVATION			
REGULATORY GUIDANCE	2 CFR 200.403(g)	2 CFR 200.318(i)	2 CFR 200.214
RISK	Failure to follow adequately document cost could result in deobligation or loss of The Subrecipient funding.	Failure to follow required procurement procedures could result in claw-backs or loss of Subrecipient funding.	Failure to perform checks before awarding contracts could result in claw-backs or loss of funding should the contractor(s) be barred or suspended.
RECOMMENDED ACTION	<p>Work with existing vendors to develop formal written contracts and/or purchase orders in lieu of a formal written contract for existing verbal arrangements.</p> <p>Consider removing costs that were improperly procured from grant expenditures.</p>	<p>Determine if the situation met any of the allowable noncompetitive reasons per 2 CFR 200.320(c). If so, document that in a sole source justification memo and archive in files. If not, consider removing costs that were improperly procured from grant expenditures.</p>	<p>Perform debarment and suspension checks for vendors to make sure they are not actively excluded from doing business with the Federal government. Maintain proof of debarment checks in your procurement files.</p> <p>If any vendors are debarred or suspended, consider removing the costs paid to those vendors from grant expenditures.</p>
NEXT STEPS	Obtain formal written agreements for procurements that are competitively bid and archive in files.	<p>Create your own justification letter for procurement's where one or more conditions set forth in 2 CFR 200.320(c) are met. Implement procedures to:</p> <ul style="list-style-type: none"> Create justification for the need of noncompetitive procurement procedures at the time of procurement 	Implement a procurement control to perform debarment and suspension checks for vendors and contractors on SAM.gov prior to contract award to confirm they are not excluded from doing business with the Federal government. Maintain proof of debarment checks in your procurement files.



It's time to
test your
knowledge!

Procurement





Question 1

What is the PA competitive procurement threshold for goods/supplies for 2023?

- ☒ a) \$22,500
- ☐ b) \$10,000
- ☐ c) \$21,900
- ☐ d) \$52,000





Question 2

What is **not** one of the reasons for bypassing competitive procurement?

- a) Only available from a single source
- ☒ b) Providing services rather than goods/supplies
- c) Inadequate competition
- d) Public exigency or emergency situation
- e) Does not exceed micro-purchase threshold





Question 3

What documentation is needed for a service procurement totaling over \$10,000 but under \$250,000?

- a) Cost Price Analysis
- b) Bid Tabulation
- c) Contracts
- ☒ d) Three Documented Price/Rate Quotations





Question 4

Which of the following is **not** one of the affirmative steps to solicit MWBEs?

- a) Placing MWBEs on solicitation lists
- b) Dividing total requirements into smaller tasks or quantities to permit maximum participation by small and minority businesses, and women's business enterprises
- c) Publicly advertise the solicitation so there is fair and open competition for MWBEs
- ☒ d) Design the purchase to be over the Micro Purchase Threshold





Question 5

Where do I check to see if my contractor is suspended or debarred?

- a) <http://www.education.pa.gov>
- b) <https://oese.ed.gov>
- ☒ c) <https://sam.gov>
- d) www.crookedcontractor.com



Equipment and Property Management



Pennsylvania
Department of Education



Introduction to Equipment and Property Management



DEFINITION



What is Equipment and Property Management?

The act of enacting policies and procedures for the management of equipment and property through its lifecycle.



DESIRED OUTCOMES



Maintain adequate property records

Timely recording of purchases, depreciation, physical inspection and disposition of equipment and property.



Compliance with Uniform Guidance and other reporting guidance

Maintain detailed records to comply with Subgrant requirements as well as other applicable reporting guidelines for financial statement purposes.



Applicable Federal Equipment and Property Management Guidance

Reference	Title	What You Need to Know
§ 200.439(b)	Equipment and Other Capital Expenditures	The section lists out the rules of allowability applicable to equipment and other capital expenditures
§ 200.313(d)	Equipment Management Requirements	Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part under a Federal award, until disposition takes place will, as a minimum, meet the requirements set forth in this section
§ 200.407	Prior Written Approval	Under any given Federal award, the reasonableness and allocability of certain items of costs may be difficult to determine.



Equipment and Property Allowability

A wide range of Supplies and Equipment purchases as well as repairs and improvements of real property are allowable under Federal grant programs. Allowability of purchases and/or improvements varies by program and **may require prior approval and is subject to additional inventory management and disposition rules.**

2 CFR 200.439(b)(1 through 3) Uniform Guidance indicates that capital expenditures for general purpose equipment with a unit cost of \$5,000 or more, buildings, and improvements to buildings or equipment are unallowable as direct charges, except with the prior written approval of the Federal awarding agency or pass-through entity (PDE)

Remember to obtain written prior approval before starting any capital improvement or construction projects.

Equipment



Supplies



Capital Improvements/
Construction



<https://www.education.pa.gov/Schools/safeschools/emergencyplanning/COVID-19/CARESAct/January2021/FacConstTransp/Pages/default.aspx>

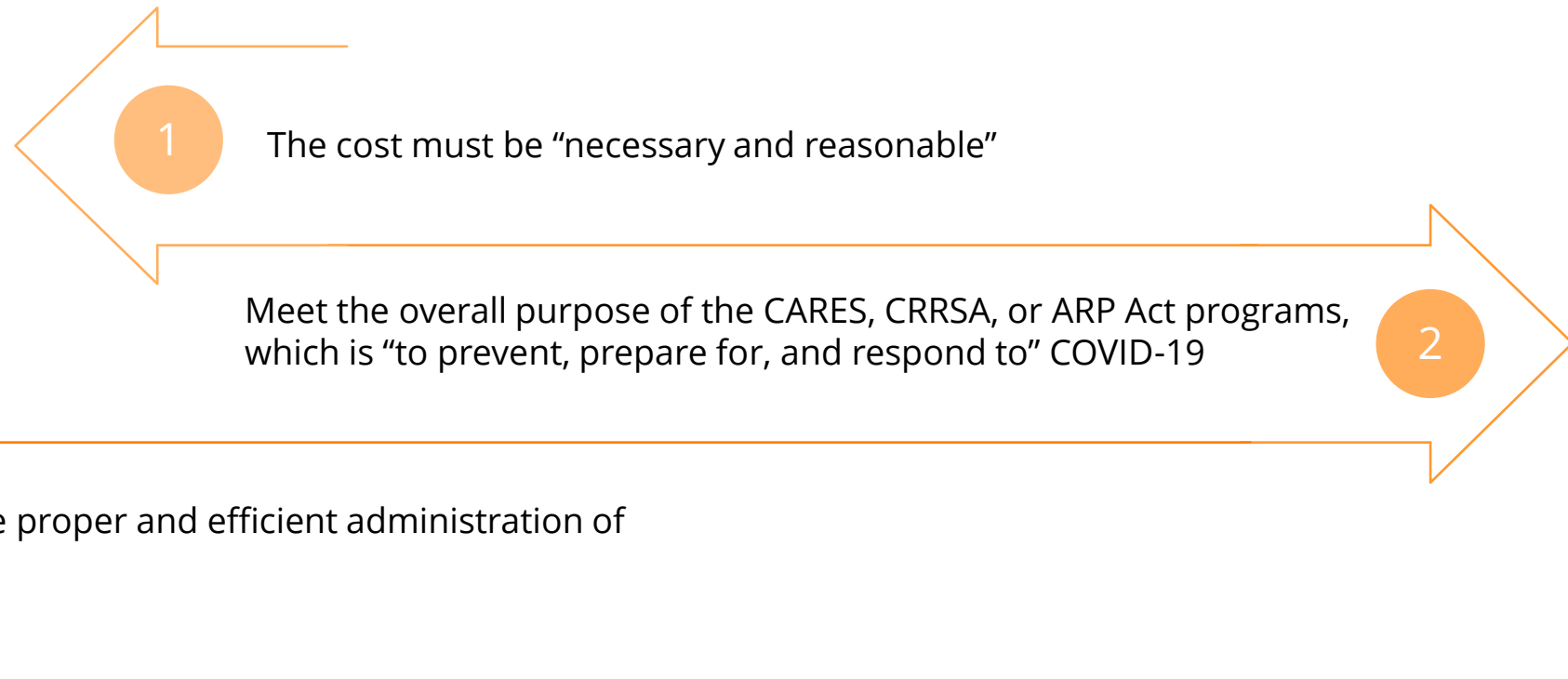
<https://www.education.pa.gov/Schools/safeschools/emergencyplanning/COVID-19/CARESAct/March2021/FacConstTransp/Pages/default.aspx>



Capital Improvements and Construction Costs

Capital Improvements and construction costs include projects to make the necessary improvements to improve indoor air quality in school facilities, support social distancing, improve cleaning effectiveness, and HVAC system installation.

LEA must make sure that the following guidelines are met:





Managing Equipment Procured with Federal Funds

Procedures for managing equipment acquired under the Federal award must meet the following requirements in accordance with 2 CFR 200.313(d):



I have this equipment I just purchased with the government's money. Where do I even start to make sure it's handled properly?



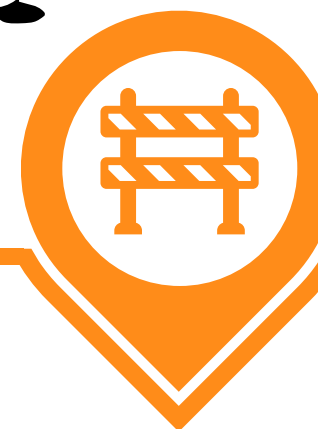
**Property
Records**



**A Physical
Inventory**



**A Control
System**



**Adequate
Maintenance
Procedures**



Disposition



Property Records

There's a lot of them, as outlined in 2 CFR 200.313(d)(1). What are they?



**Description of
the Property**



**Serial or other
Identification
Number**

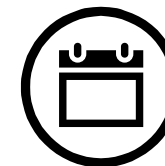


**Source of
Funding for
the Property**

Including the FAIN



**Who Holds
Title**



**Acquisition
Date**



**Percentage of
Federal
Participation**

And Federal award
under which the
property was acquired



Location



**Use and
Condition of
the Property**



**Disposition
Data**

Including date of
disposal and sales price



Cost of the Property



Obtaining Prior Approval

LEAs are required to obtain prior approval for certain expenditures in accordance with Federal Uniform Guidance 2 CFR § 200.407. Prior approval is required for construction, capital expenditures (including equipment with a per-unit cost of \$5,000 or more) and buildings.



Construction

Capital
Expenditures

Equipment






Steps to Obtain Prior Approval

Please refer to the table below for instructions on the submission of each Prior Approval form for **construction projects** and **capital expenditures** for the respective grant program.

	Instructions	Sources
ESSER I	Prior approval forms must be completed and submitted to PDE.	ESSER I Facilities/Construction/Transportation
ESSER II	Complete Prior Approval form and upload to eGrants.	ESSER II Facilities/Construction/ Transportation
ARP ESSER	The approval form can be accessed from the ARP ESSER application in eGrants.	ARP ESSER Facilities/Construction/Transportation



Common Observations and How to Address Them

	 No Inventory System	 No Inventory Check	 No Equipment/Property Records
OBSERVATION			
REGULATORY GUIDANCE	2 CFR 200.313(d)(3)	2 CFR 200.313(d)(2)	2 CFR 200.313(d)(1)
RISK	Failure to maintain a policy for property records or inventory requirements may lead to mismanaged federal assets which could ultimately lead to improper disposition of a federally-funded asset.	Conducting infrequent physical inventories jeopardizes the value of the Subrecipient's physical assets. Regularly scheduled inventories can help maintain the asset's value.	Failure to maintain complete property records could result in deobligation or loss of funding.
RECOMMENDED ACTION	Immediately develop a system for tracking inventory to make sure adequate safeguards to prevent loss, damage, or theft of the property. Investigate any loss, damage, or theft. AND Retroactively record property record to reflect current inventory, value, and other required criteria.	Perform an inventory check immediately. Document the results of physical inventory checks and reconcile them with the property records.	Establish a centralized system for maintaining property records, such as a property management database or spreadsheet. Make sure that required information is recorded in the property records, such as the date of acquisition, the costs of the equipment of property, the funding source, and the location of the equipment or property.
NEXT STEPS	Establish written policies and procedure that define the property management process, including the steps for acquiring, tracking, and disposing of equipment and property. Specify the roles and responsibilities of staff involved in the property management process. Develop guidelines for documenting property acquisitions, including the information that must be recorded in the property records. Periodically test and make sure that the Implemented inventory management system is working as intended. Investigate any loss, damage, or theft.	Conduct physical inventory on equipment at least every two years. Establish a schedule for conducting physical inventory checks of equipment and property. Assign responsibility for conducting physical inventory checks to designated individuals. Document the results of physical inventory checks and reconcile them with the property records.	Adopt a procedure for obtaining and maintaining records related to any purchase property or equipment going forward.



It's time to
test your
knowledge!

Equipment and Property Management

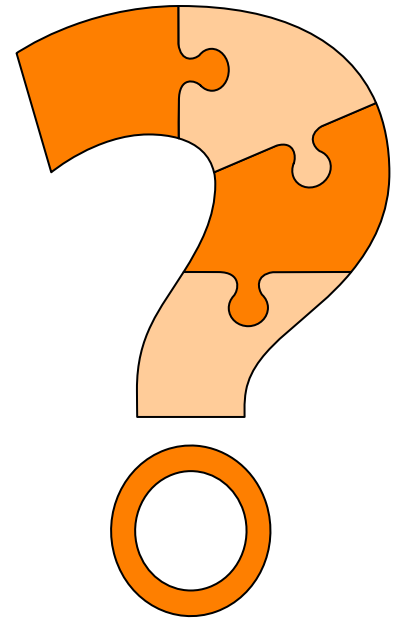




Question 1

How often does your physical inventory count/reconciliation need to be performed?

- ☒ a) At least once every two years
- ☐ b) At least every year
- ☐ c) Once every week
- ☐ d) Once every ten years

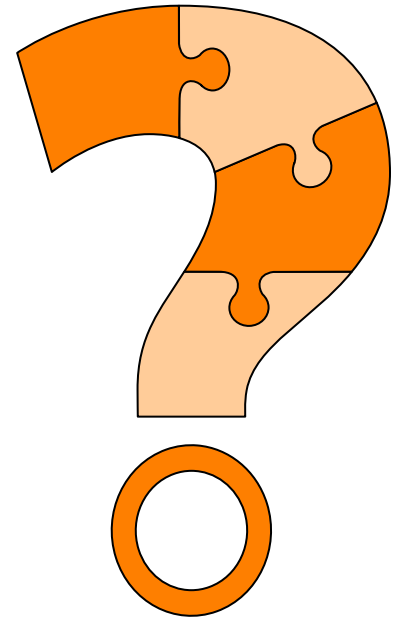




Question 2

When is prior approval required for equipment and property?

- a) Purchases over \$10,000
- ☒ b) Purchases over \$5,000
- c) Purchases over \$2,000
- d) Purchases over \$50,000

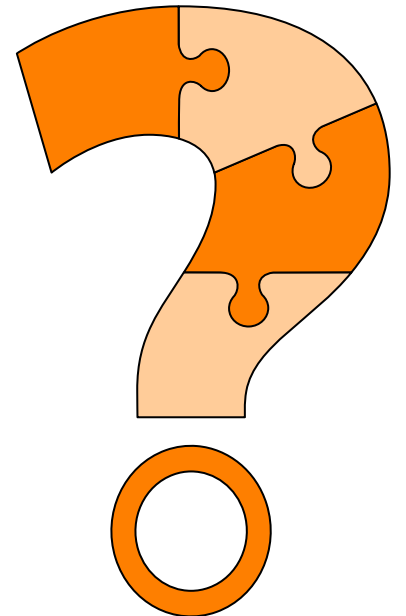




Question 3

Which of the following is **not** a requirement related to allowability of Equipment and Construction costs?

- a) The cost must be on the LEA's "Construction Wish List"
- b) The cost is justified by the school administration
- c) Are consistent with the proper and efficient administration of grant programs
- d) The cost must be necessary and reasonable





Question 4

What type of purchase is generally not allowable?

- a) Supplies
- b) Construction
- ☒ c) Land
- d) Equipment



Equitable Shares



Pennsylvania
Department of Education





Introduction

Equitable Shares refers to goods and/or services provided to students and teachers of non-public institutions by their associated LEAs through timely and meaningful consultation with representatives of non-public schools. This consultation is documented via an Affirmation of Consultation with non-public school officials.



Distributed under:

ESSER I (CARES Act)

Title I, Part A

Title VIII, Part F



A non-public “**per-pupil**” amount is a formula-driven dollar amount allocated to each non-public institution



Equitable share amounts to non-public institutions can be found in Appendix B of the Subgrant agreement

Applicable Regulation – Why Must Our LEA Conduct Consultations With Non-Public Schools?



34 CFR 76.665

Equitable shares provided under CARES Act funding must abide by the rules and regulations as set forth in 34 CFR 76.665

34 CFR 299.6

What are the responsibilities of a recipient of funds for providing services to children and teachers in private schools?

An agency, consortium, or entity receiving funds under an applicable program after timely and meaningful consultation with appropriate private school officials, shall provide special educational services or other benefits under this subpart on an equitable basis to eligible children who are enrolled in private elementary and secondary schools, and to their teachers and other educational personnel.



Aha! So, this is why we must meet with non-public school officials to reach an agreement on how our LEA can provide equitable services on a per-pupil basis.

Other Applicable Programs

Title I, Part C: Migrant Education Program

Title II, Part A: Effective Instruction

Title III, Part A: English Language Acquisition

Title IV, Part A: Student Support and Academic Enrichment

Title IV, Part B: 21st Century Community Learning Centers

Title VIII, Part F: Equitable Services for Eligible Private School Children, Teachers, and Other Educational Personnel

Requirements



Be sure to pay close attention. Here are the requirements for providing goods and services to non-public institutions equitably.

ESSER I (CARES)

Provisions of equitable services must be based on consultation with non-public institutions.

Services provided must be

- Secular
- Neutral
- Non-ideological

To confirm public control of funds, an LEA must

- Maintain control of CARES Act funds
- Keep title to and exercise continuing administrative control of items/services purchased
- Provide services with CARES Act funds directly or through a contract with a public or private entity

Similarities

Section 18005 of the CARES Act requires school districts that receive ESSER funds to provide equitable services in the same manner as provided Title I, Part A (Section 1117 of ESEA)

Title I, Part A

The purpose of Title I of the ESEA

- To provide children significant opportunity to receive a fair, equitable, and high-quality education

Eligibility for Title I services are:

- A nonpublic student must reside in a participating Title I public school geographical area and be identified by the LEA as low achieving on the basis of multiple, educationally related, objective criteria.



Title VIII, Part F

An LEA must annually contact officials of nonpublic schools located in the attendance or geographic region of the LEA to determine whether those officials would like their students and staff to participate in equitable services under each covered ESEA program in which the LEA participates.

Funds allocated to an LEA for educational services and other benefits to eligible nonpublic school children and educators must be obligated in the fiscal year for which the funds are received by the LEA.



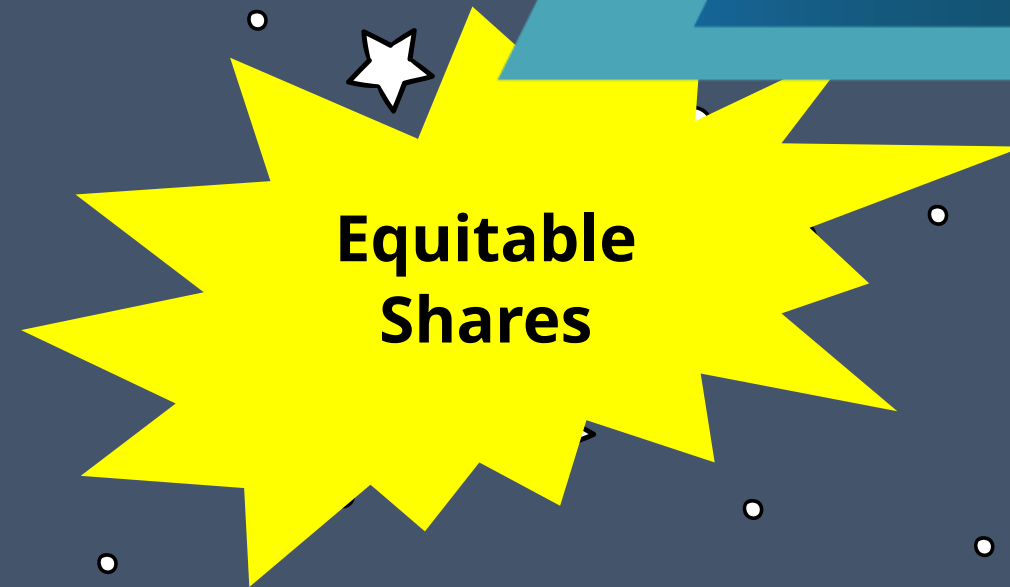
Common Observations and How to Address Them

OBSERVATION		No Documentation of Non-Pub Support	REGULATORY GUIDANCE		No Admin Control of Non-Pub
RECOMMENDED ACTION	RISK	34 CFR 76.665 (a)(1)	Failure to keep accurate records of goods or services purchased using Federal funds could result in deobligation or loss of The Subrecipient's funding.	34 CFR Subpart F (76.665)(f):	Failure to follow the proper procedures regarding equitable shares could result in deobligation or loss of funding.
NEXT STEPS	RECOMMENDED ACTION	Obtain relevant records and obtain confirmation of receipt for any goods or services purchased for non-public institutions and make sure administrative control is established. AND Maintain sufficient procurement documentation for relevant purchases.	Obtain and establish administrative control of funds, materials and equipment and perform inventory of such items.		
NEXT STEPS	RECOMMENDED ACTION	The Subrecipient should develop a plan to equitably distribute funds to non-public institutions. Train staff on the importance of obtaining and maintaining adequate documentation for purchases for non-public institutions Federal grant funding. Conduct periodic reviews of purchasing processes to make sure compliance with grant requirements.	Perform periodic physical inventory of items under administrative control.		



It's time to
test your
knowledge!

Equitable Shares





Question 1

Which document is required to allow for equitable participation of a non-public school?

- a) CARES Act Consultation Form
- ☒ b) Affirmations of Consultation
- c) Equitable Shares Form
- d) Collective Bargaining Agreement





Question 2

Where can you find per-pupil funding for Non-Public students?

- a) Affirmations of Consultation
- b) Labor Policy
- c) General Ledger
- ☒ d) Subgrant Agreement Appendix B





Question 3

What must be provided to non-public schools after timely and meaningful consultations?

- a) Education services, religious materials and other supplies
- ☒ b) Education services, materials, and other supplies
- c) Non-secular education services, materials and other supplies
- d) Education services, materials and other non-secular supplies



Time and Effort



Pennsylvania
Department of Education



Time and Effort Introduction

Overview

Defined: Time and Effort refers to the documentation and procedures required to track and confirm the work of employees whose salaries are fully or partially funded by federal grants. The process determines personnel expenses charged to federal grants are allowable, allocable, and accurately reflect the work performed.

Who Needs It: Employees paid with federal funds, including hourly, part-time, and full-time employees. This also applies to employees with salaries funded by multiple sources if one is federal. It includes stipends, wages, salaries, and fringe benefits for allowable services during the federal award period.

Exclusions: Contractors do not need to maintain time and effort documentation



Allowability



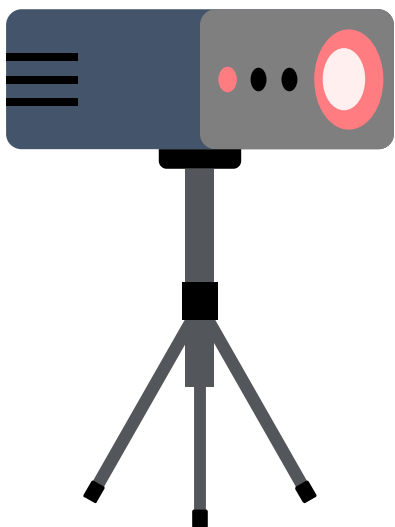
Time and Effort Desired Outcomes



Time and effort tracking is my domain. With accurate records, we focus on compliance, uphold financial integrity, and boost program effectiveness—no audit surprises on my watch!



Desired Outcomes



Compliance with Federal and State Regulations

Adherence to federal and state requirements for time and effort reporting results in the avoidance of audit findings and the repayment of unallowable costs. It also demonstrates the responsible use of federal funds.



Financial Integrity

Transparency in financial records is achieved by maintaining accurate time records and confirming allowable use of federal funds. Improved financial management aligns expenditures with budgets, enhances budget forecasting, and corrects discrepancies.



Program Effectiveness

Detailed and accurate reporting provides clear insights into program activities and outcomes. It facilitates audits and monitoring visits through complete time and effort records.



Operational Benefits

Enhanced accountability and staff performance result from clear expectations for staff regarding responsibilities and time tracking. Streamlined processes lead to a reduced administrative burden through consistent documentation practices.

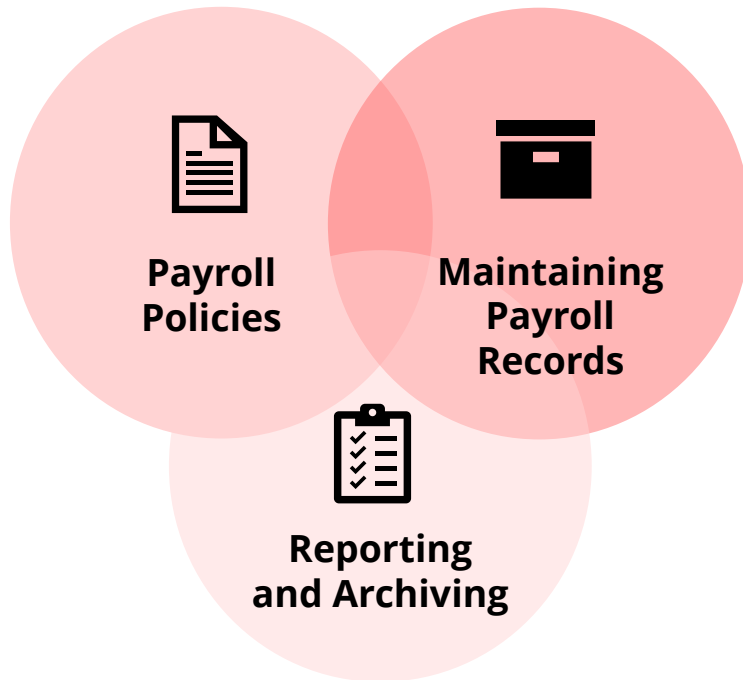
Applicable Federal Time and Effort Guidance



Code of Federal Regulations 2 CFR 200 outlines the regulatory guidance for Salaries and Benefits including Time and Effort

Reference	Title	What You Need to Know
§ 200.430(g)	Standards for Documentation of Personnel Expenses	This section details the standards and leading practices to follow when documenting personnel expenses.
§ 200.431	Compensation – Fringe Benefits	This section details the standards and leading practices to follow when claiming fringe benefit rates.

Payroll Policies and Procedures



Payroll Policies

Approved Policies to have available:

- Collective Bargaining Agreement
- Overtime Policy
- Payroll Policy and Compensation Policy
- Fringe Benefits Policies

Maintaining Payroll Records

Records to have available:

- Payroll Detail Report/Payroll Registers
- Activity Logs
- Timesheets
- General Ledgers
- Public School Employees Retirement System (PSERS) Quarterly Reports
- Employee Contracts

Reporting and Archiving

Checklist:

- ☐ Confirming all expenditures charged are supported by payroll records
- ☐ Archive all payroll documentation in a secure location (electronically and/or paper copy)

Compliance with Time and Effort Requirements begins with effective Payroll Procedures and Application.

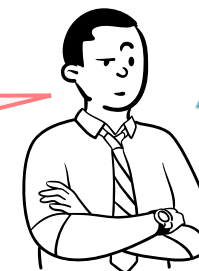


Reminder: All payroll expenditures should be coded to 100 and 200 Object Codes.



Duplication of Benefits Considerations

The contributions to PSERS are partially reimbursed. Deduct the reimbursement? We don't do that. Should we?



Public School Employees Retirement System (PSERS)

Goal: Mitigation of Duplication of Benefit



LEA-Paid Portion of PSERS Retirement Benefits

PSERS employee retirement contribution is an allowable expense that can be allocated to the grant programs.



PSERS Reimbursement

PDE reimburses each LEA on a quarterly basis a pre-determined percentage of employee retirement contributions.

*Excludes Charter Schools.



PSERS Reimbursement Deduction

LEAs must proactively deduct the PSERS reimbursement amount from the overall grant allocation amount for each employee. For example, if the LEA contributed \$2,000 in PSERS contributions, and the LEA's reimbursement rate is 50%, then \$1,000 should not be included in the grant allocation amount.

Time and Effort Documentation Requirements

Internal Control

Be supported by a system of internal controls which provides reasonable assurance that charges are accurate, allowable and allocable

Official Records

Be incorporated into official records

Total Activity

Reasonably reflect total activity for which employee is compensated.

Track what was actually done, NOT what should have been done.

ALL Activity

Encompass all activities

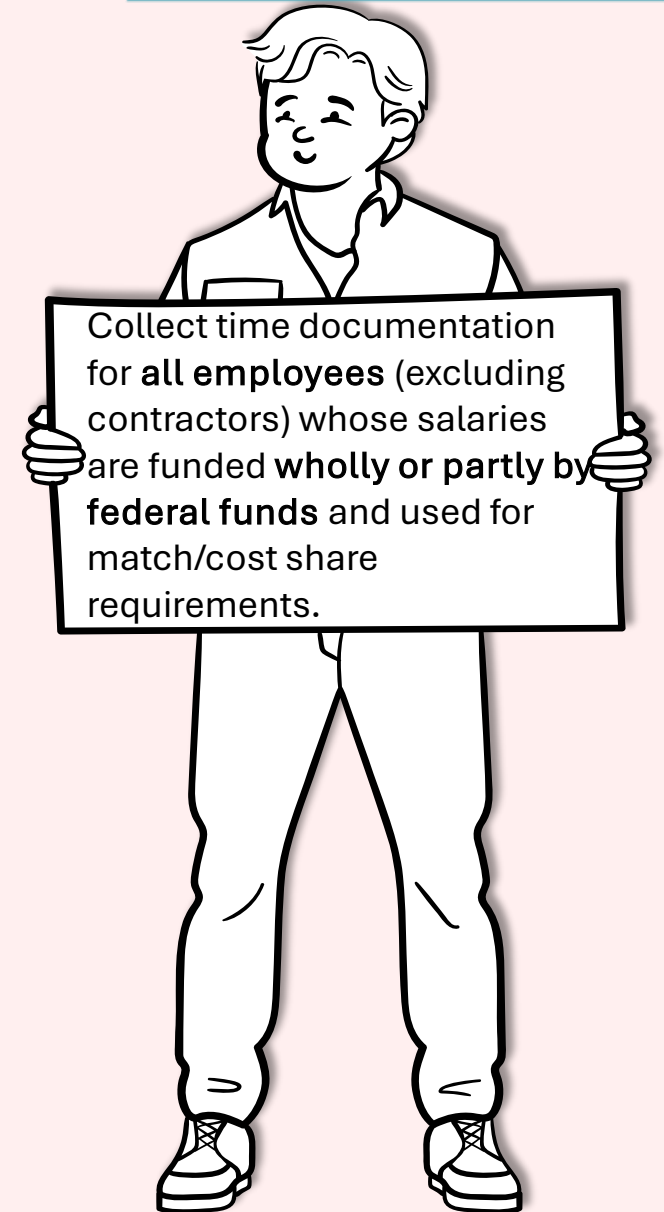
- Federal
- Non-Federal

Accounting Procedures

Payroll must be accurately recorded, reported and supported.

Cost Objectives

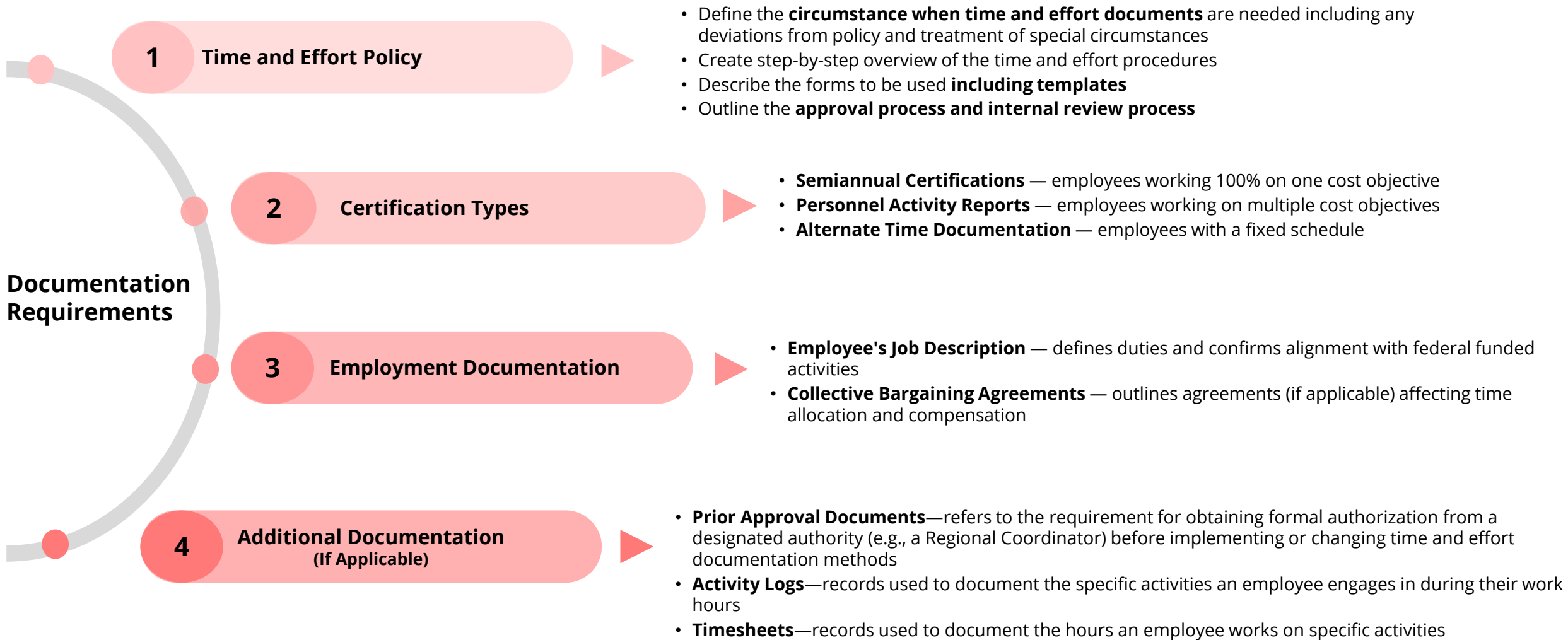
Confirm time is tracked effectively by cost objective



Collect time documentation for **all employees** (excluding contractors) whose salaries are funded **wholly or partly by federal funds** and used for match/cost share requirements.



Time and Effort Procedures



Documents Required for Time & Effort



I run a tight ship here. Time and effort records? I have them ready at the click of a button—completed, checked, and signed by those who know the work firsthand.



Single Funding Certification

Employees who work solely on a single federal program or cost objective and charge for their salaries and wages. Certification must be completed at least twice a year.



100% of time documented for 1 Cost objective



Include time period covered



Signed & dated by employee and supervisor

Personnel Activity Report (PARs)

Employees who are paid at least partially from federal sources and working on multiple cost objectives. The PAR should be submitted on a basis defined in the LEA's Time & Effort Procedures.



Multiple cost objectives



Track 100% of employees time (Fed/non-Fed)



Signed & dated by employee



Reconciled to payroll records



Include time period (hours/percent)

Fixed Scheduled Staff

Employees working on 1+ cost objectives with a fixed schedule and want to use a semiannual certification, the LEA is required to seek approval from their Regional Coordinator. The recorded email should include:



Regional Coordinator approval



Employee Name



Relevant Cost Objective/Job Description



Leading Time and Effort Practices for Contracted Hours and Stipends

Contracted Hours

Set Up Documentation

Create a timesheet or other documentation and identify cost objectives (activities) for each employee.

Track Time

Employees track their time weekly or at the end of the pay period.

Calculate Time Spent

Review submitted timesheets and calculate the amount of time spent on each cost objective.

Allocate Hours

Charge total hours for each cost objective to the prescribed funding source.

Compliance

Follows the Subrecipient's written Time and Effort Procedures.



Don't forget that every hour charged to the grant has to be tracked and be supported!

Stipends

Update Procedures

Determine Time and Effort procedures reflect time documentation for stipend-paid employees.

Use of Contracts

Utilize contracts discussing deliverables as effective documentation since stipends are a flat fee.

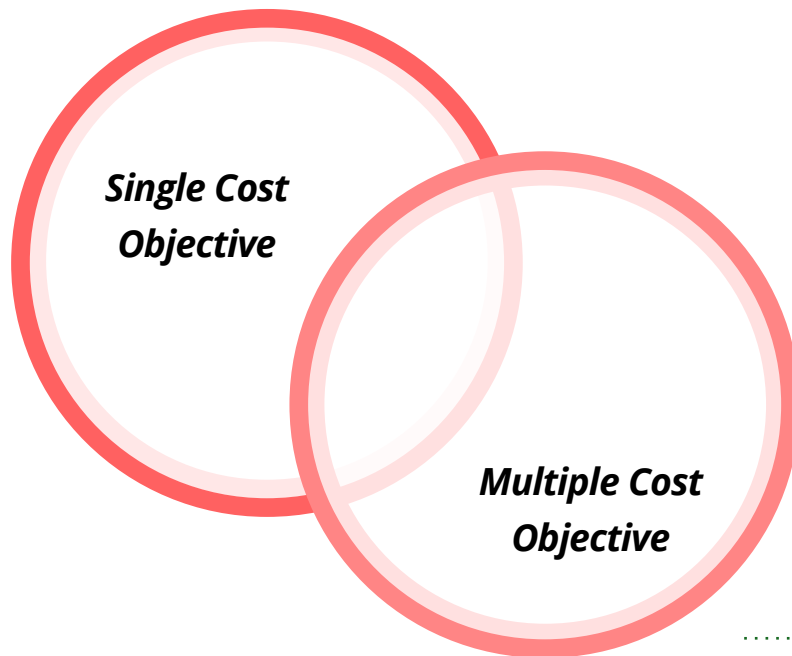
What are Cost Objectives?

Cost Object Types

It is possible to work on a single cost objective even if an employee is paid from more than one federal award, or from a federal award and a non-federal award. The key to determining whether it is a single cost objective is whether the employee's salary and wages can be supported in full from each of the federal awards on which the employee is working.

.....

A **single cost objective** is a single function, grant, or activity for which cost data is needed.



.....

A **multiple cost objective** is when an employee works on more than one function, grant or activity, **AND** the activities performed may not be considered a single cost objective.



DEFINITION

Program, function, activity, award, organizational subdivision, contract or work unit for which **cost data are desired** and for which provision is made to **accumulate and measure the cost of processes**, products, jobs, capital projects, etc.

Any federal money that you need to track separately will be its **own cost objective**.

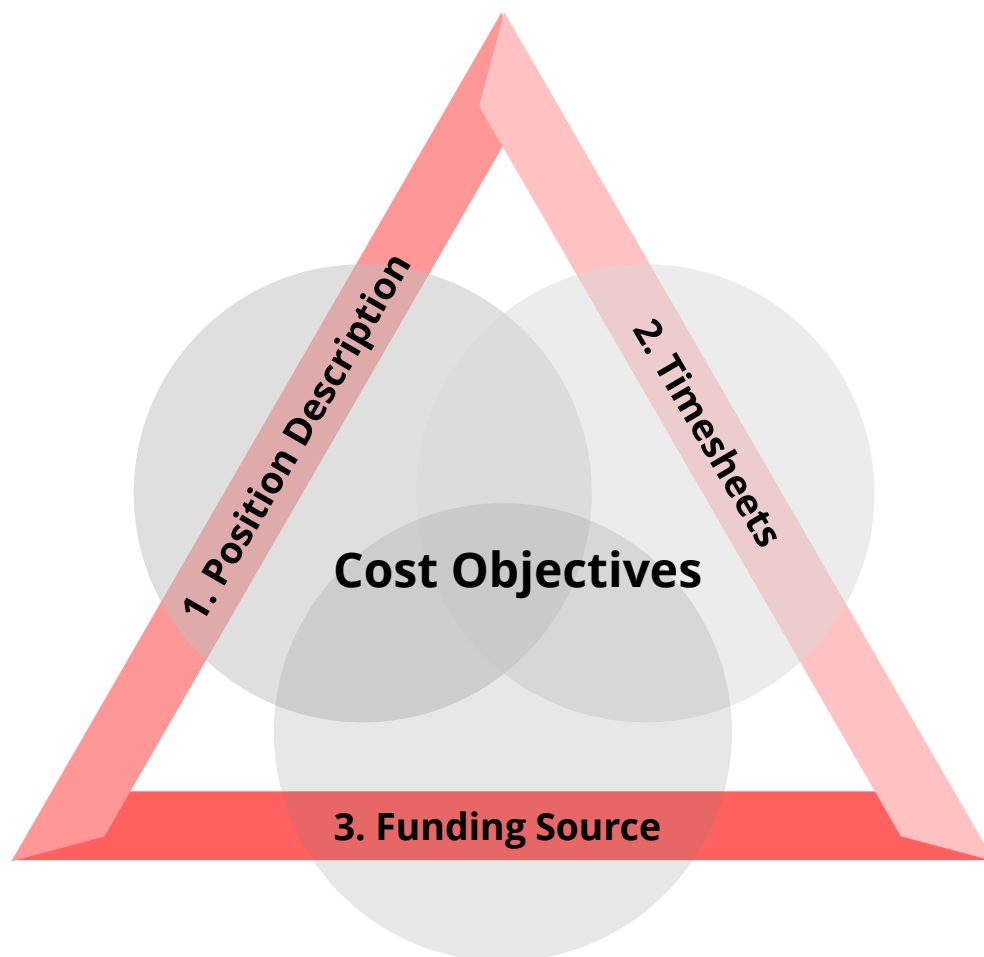
Time and effort reports should be prepared by all employees that are **federally funded** and have **salaries and benefits** that are charged:

- to a **single** federal award (working on one cost objectives);
- to **multiple** federal awards (working on multiple cost objectives); or
- to any combination of a federal award and other federal, state or local fund sources.



How to Identify and Track Cost Objectives

Suggested Steps



1. Position Description

- Review position description as each activity can be a cost objective

2. Timesheets

- Set up timesheets identifying the cost object(s) for the employee
- Once submitted, calculate the amount time spent on each cost objective

3. Funding Source

- Charge total hours for each cost objective to the designated funding source
- Report to the payroll department to reconcile payroll records
 - Must be done periodically, NOT annually



Common Observations and How to Address Them

OBSERVATION

REGULATORY
GUIDANCE

RISK

RECOMMENDED
ACTION

NEXT STEPS



No Time & Effort Documentation

Administrative Manual for Federal Programs

2 CFR 200.430(i)(1)

Failure to establish effective policies and procedures for Time and Effort documentation requirements can result in instances of non-compliance, errors, inadequate management of Federal funds, or loss of ESSER grant funding.

Gather and document all time and effort documentation (i.e. Timesheets, Personnel Activity Reports, Single Funding Certs, etc.) for all employees claimed against the federal award.

The Subrecipient should develop policies and procedures consistent with PDE guidelines to make sure proper documentation is maintained for each full time or part time employees' salaries and wages charged to the federal award.



No Payroll Registers/Payroll Detail Report

2 CFR 200.302(a)

2 CFR 200.430(a) General

Failure to establish effective policies and procedures for Time and Effort recording and reporting requirements can result in instances of non-compliance, errors, inadequate management of Federal funds, or loss of ESSER grant funding.

Retroactively record and establish procedures to record salaries and wages charged against the federal award that accurately reflect the work performed.

The Subrecipient should support federal funds used for Salaries and Benefits using payroll documentation outlining employee name, payment period, salaries and benefit amounts, and other relevant information.



PSERS Duplication of Benefits

2 CFR 200.303(a)

2 CFR 200.403(g)

2 CFR 200.431(c)

Failure to properly deduct the PSERS reimbursement portion allocated to federal award is a duplication of benefits which can result in loss of funding.

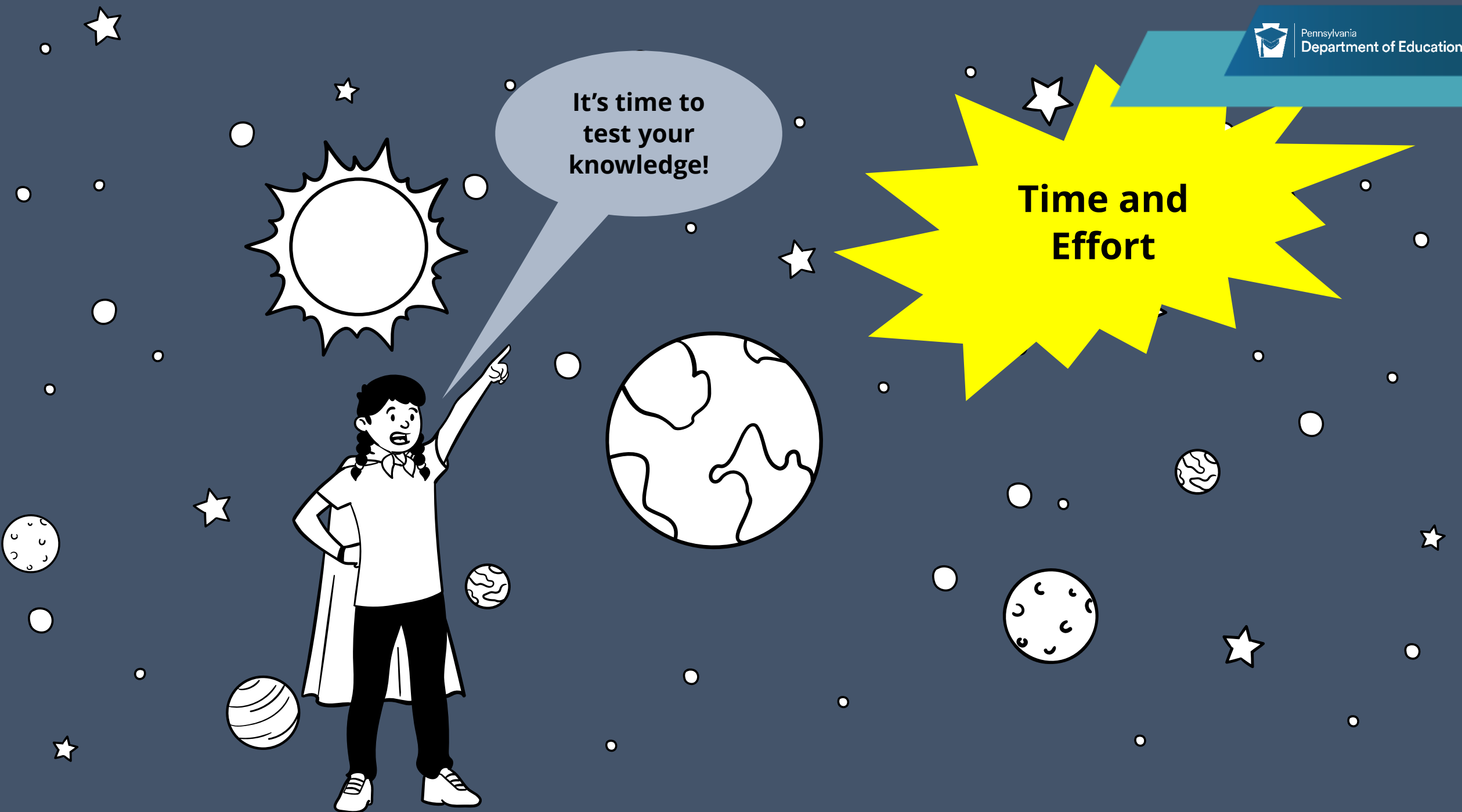
Retroactively deduct PSERS reimbursement amounts from ESSER grant allocations.

The Subrecipient should make sure that effective procedures are in place to detect instances of duplication of benefits.



It's time to
test your
knowledge!

**Time and
Effort**

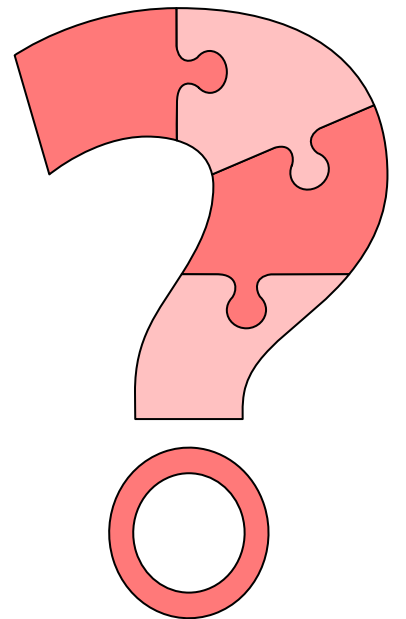


Question 1



What is the proper treatment of PSERS reimbursement?

- a) Make sure that it is added to the grant allocation quarterly
- ☒ b) Make sure that it is proactively deducted from the grant allocation
- c) Make sure that it is subtracted from the grant allocation quarterly
- d) Make sure that it is proactively added to the grant allocation

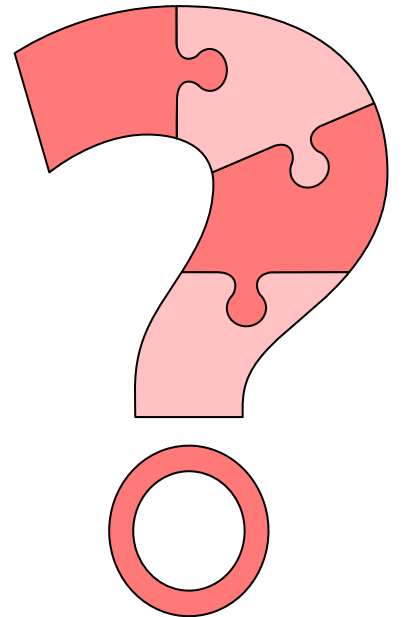


Question 2



How many cost objectives can a staff member work on?

- A. It depends on how many hours are in a day
- B. Infinite
- C. Only one per day
- ☒ D. It depends on the job description

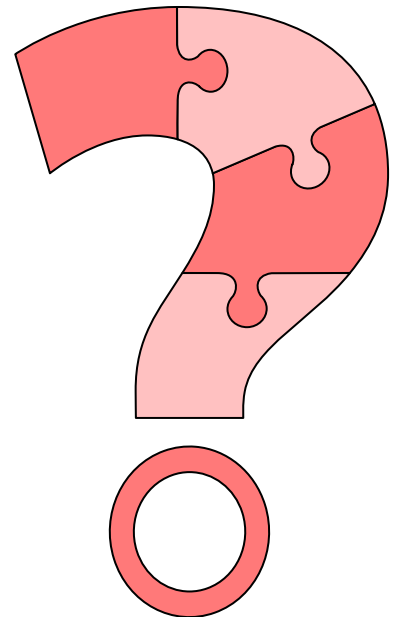


Question 3



When are time and effort documents required?

- ☒ A. When any portion of the time staff worked is being funded by federal funds
- ☐ B. For all staff being paid by the subrecipient even when federal funds are not being leveraged
- ☐ C. Only when the staff's compensation is 100% funded by federal funds
- ☐ D. Time and effort documents are never required



ARP ESSER Program Closeout



Pennsylvania
Department of Education



ARP ESSER Closeout Overview



Introduction:

The American Rescue Plan (ARP) Elementary and Secondary School Emergency Relief (ESSER) Fund's period of performance **ended on September 30, 2024**. Subrecipients are now focused on completing the ARP ESSER closeout process in full compliance with **2 CFR Part 200 requirements**. Obligations must be completed by the grant end date. Funds must be liquidated (final payments made) within 90 days after the grant period ends, unless late liquidation applies. The **90-day liquidation grace period** applies only to previously applicable obligated funds.

Objectives:

1 ARP ESSER Fundamentals

- ❑ **Funding Categories:** Review the breakdown of funding categories and their specific purposes.
- ❑ **Set-Aside Requirements:** Understand the detailed requirements for the 20% and 5% set-asides to address learning loss.

2 Program Closeout

- ❑ **Key Dates:** Highlight key dates for the period of performance, obligation, and liquidation deadlines.
- ❑ **Compliance Steps:** Review the steps to confirm compliance, including expense tracking, budget revisions, and final reporting.
- ❑ **Final Expenditure Report:** Provide a structured process for preparing and submitting the Final Expenditure Report (FER).
- ❑ **Documentation:** Confirm expenditures are properly documented and compliant with federal guidelines.

ARP ESSER Closeout Outcomes



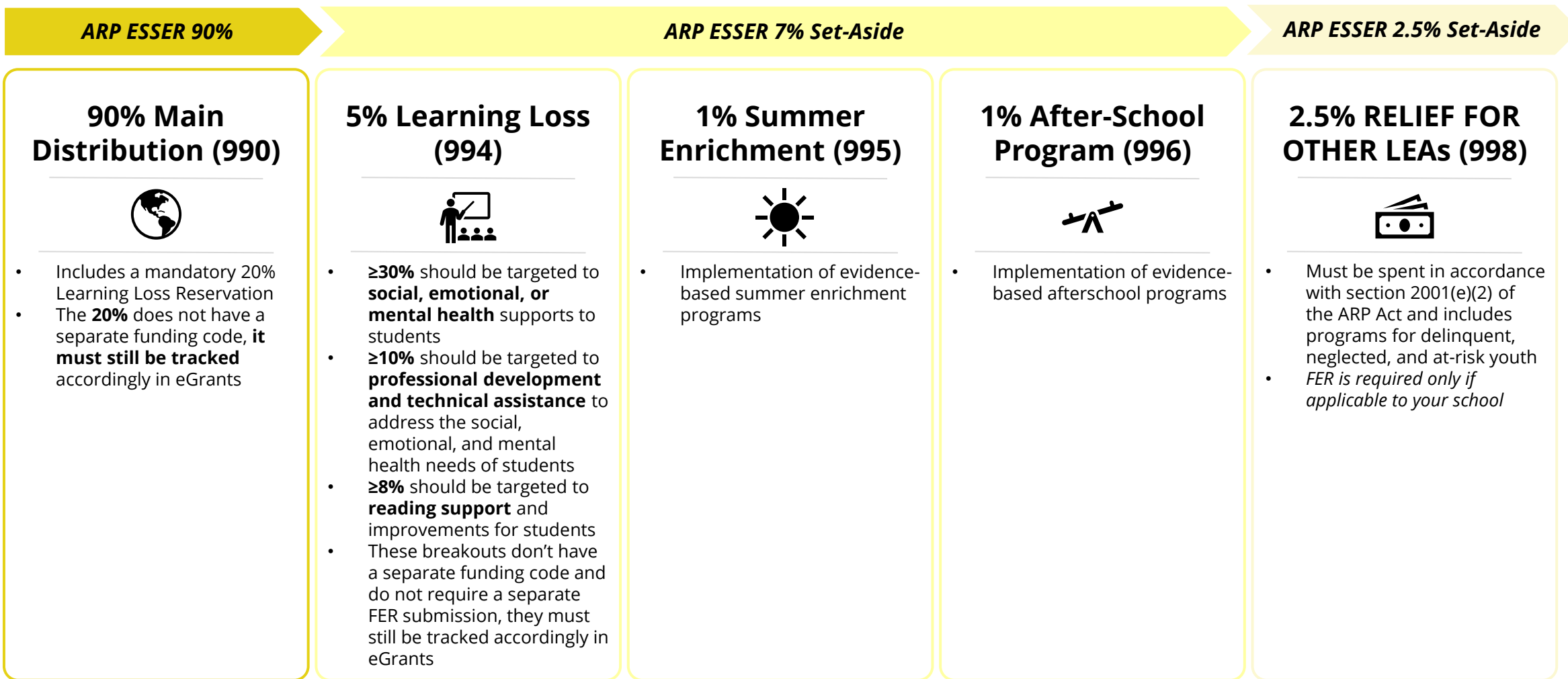
Outcomes:

- ❑ **Compliance with Federal Guidelines:** Expenditures appear to be properly documented to meet 2 CFR Part 200 requirements.
- ❑ **Successful Submission of Reports:** The Final Expenditure Report and required documentation is submitted on time.
- ❑ **Financial Reconciliation:** General ledgers are reconciled, confirming that reported expenditures equal recorded costs.
- ❑ **Proper Use of Funds:** Verification that funds have been spent in accordance with the ARP ESSER guidelines, including the specific set-aside requirements for evidence-based learning loss, summer enrichment, and after-school programs.
- ❑ **Transparent Reporting:** Clear reporting builds stakeholder trust and demonstrates responsible financial management.
- ❑ **Record Retention:** Maintain documentation for a minimum of seven years to be prepared for future audits or reviews.
- ❑ **Avoidance of Potential Penalties:** Mitigate risk (e.g., loss of funding or enforcement actions) by maintaining compliance.



ARP ESSER FER Breakdown

The following ARP ESSER programs require formal closeout with a Final Expenditure Report (FER) submission





Closeout: Through the lens of 2 CFR 200

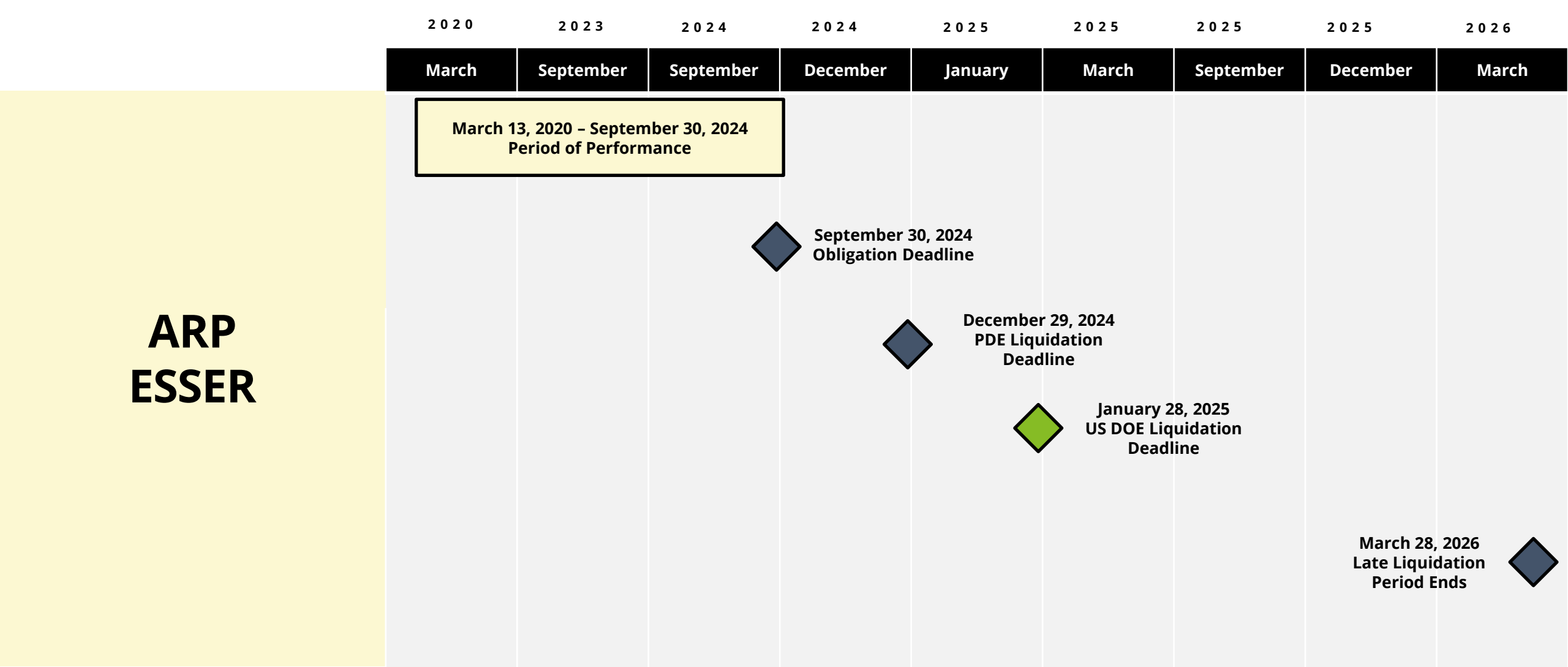
2 CFR 200.344 (a-i) closeout requirement apply to subrecipients using Federal funds. Select relevant Uniform Guidance is listed below, Local Educational Agencies (LEA) are responsible for timely and accurate closeout procedures in accordance with Uniform Guidance and PDE's closeout procedures.

Reference	Title	What You Need to Know
§ 200.344 (a)	Closeout	The pass-through entity must close out the Federal award when it determines that all administrative actions and required work of the Federal award have been completed.
§ 200.344 (b)	Closeout	A subrecipient must submit all reports (financial, performance, and other reports required by a subaward) to the pass-through entity no later than 90 calendar days after the conclusion of the period of performance of the subaward (or an earlier date as agreed upon by the pass-through entity and subrecipient).
§ 200.344 (c)	Closeout	A subrecipient must liquidate all financial obligations incurred under a subaward no later than 90 calendar days after the conclusion of the period of performance of the subaward (or an earlier date as agreed upon by the pass-through entity and subrecipient).
§ 200.344 (d)	Closeout	The Federal agency or pass-through entity must not delay payments to the recipient or subrecipient for costs meeting the requirements of subpart E of this part.
§ 200.344 (e)	Closeout	The recipient or subrecipient must promptly refund any unobligated funds that the Federal agency or pass-through entity paid and that are not authorized to be retained. See OMB Circular A-129 and § 200.346.
§ 200.344 (f)	Closeout	The pass-through entity must make all necessary adjustments to the Federal share of costs after closeout reports are received (for example, to reflect the disallowance of any costs or the deobligation of an unliquidated balance).
§ 200.344 (g)	Closeout	The subrecipient must account for any property acquired with Federal funds or received from the Federal Government in accordance with §§ 200.310 through 200.316 and 200.330.

ARP ESSER Grant Closeout Timeline



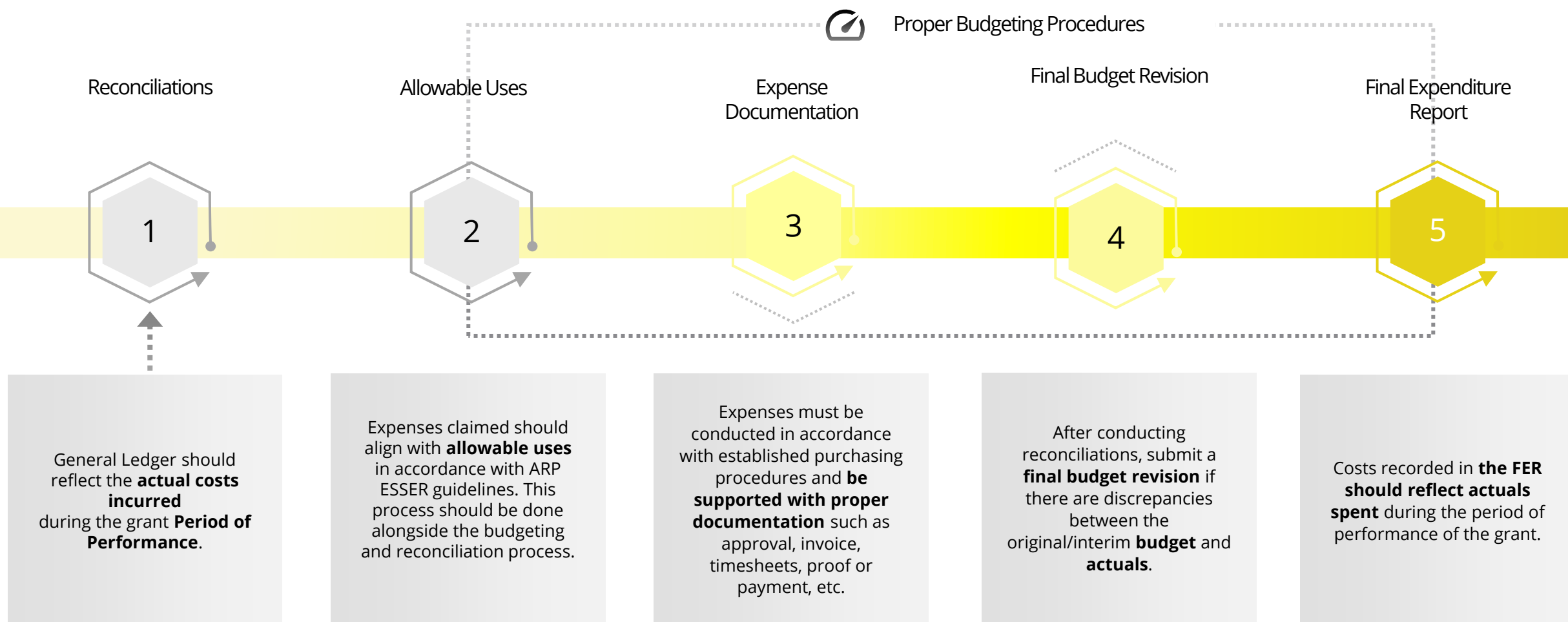
The complete timeline of important dates throughout the span of the ESSER grant lifecycle. Submission of a FER within 30 days of liquidation is required for program closeout requirements.





The Closeout Process

The following processes must be completed for closeout





Reconciliation Best Practices and Considerations

Definition: Book to Bank Reconciliations are used to explain differences between cash balances per bank and per book to arrive at a corrected balance between the two.

Book to Bank Reconciliations:

General Ledger

- **Compare Balances:** Cash balances and transactions from bank account should reconcile to General Ledgers
- **Adjust Balances:** Adjust balances to account for any discrepancies
- **Record Reconciliation:** Record adjustments as needed.

Bank Statements

- **Frequency:** Bank Statements should be reconciled regularly for timely detection and correction of errors
- **Deposits in Transit:** Look out for deposits received by bank that are not processed
- **Outstanding Checks:** Look out for checks that have not cleared

Common Issues

- **Timing Differences:** Occur due to lag in recording transactions in the General Ledgers (GLs) and Bank Statements.
- **Unrecorded Transactions:** Making sure that transactions like interest and bank fees are recorded in cash book.
- **Bank Errors:** Bank could record wrong amount, or checks may be erroneously subtracted.

All recorded expenditures should be reviewed for the following:

- Correct Object and Functions Code per Subgrant Agreement
- All costs items are supported with required documentation
- Expenses were incurred during grant performance period
- All budgeted items are allowable per subgrant agreement

- Correct vendor description
- Correct dollar amount
- Outgoing checks match Invoice Amount
- Invoice \leq Purchased Order amount
- Payment was processed, cleared and approved by authorized approver

Reconciled Subledger(s)



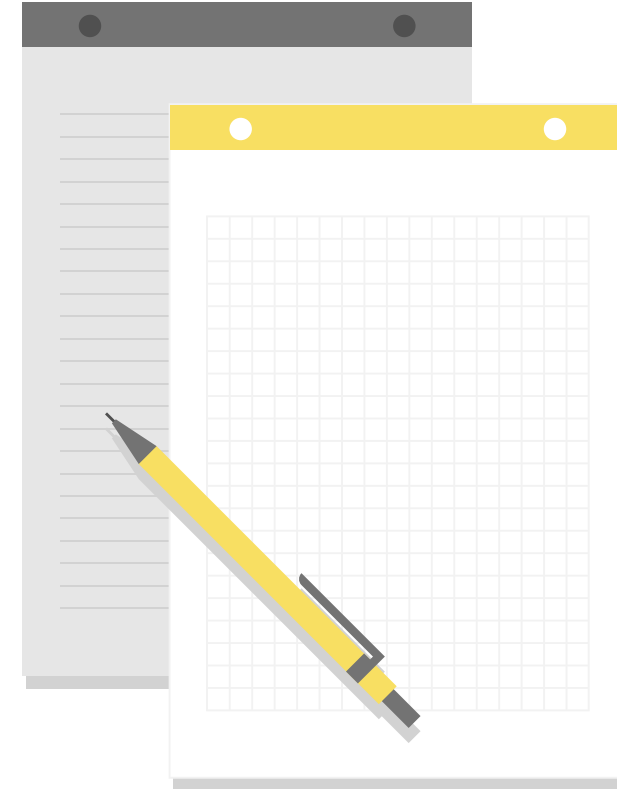
Once funding is **fully** spent, regardless of Period of Performance deadline, **reconcile** the ARP ESSER expense subledger to reflect actual costs incurred.



Confirm that expenses align with the **allowable uses** as outlined in the ARP ESSER Grant Agreement.



Compare reconciled ledger to the Subgrant Agreement as outlined in your Appendix B Budget.



Reconciled Subledger(s)



GL String	Vendor	Date	Amount
10-1110-230-996-12-000	Joe Smith	1/20/2023	\$ 5,000.00
10-1110-230-996-12-000	N/A	2/3/2023	\$ 6,000.00
10-1110-310-996-12-000	KeySolutions	2/3/2023	\$ 7,000.00
10-2600-400-996-12-000	Attem, INC	2/17/2023	\$ 5,000.00
10-4000-700-996-12-000	Govconnection	2/17/2023	\$10,000.00
		Total	\$33,000.00

Final Budget Revision								
Fiscal Year <u>2020-2021</u>								
BUDGET SUMMARY								
	100 salaries	200 Benefits	300 Purchased Professional and Technical Services	400 Purchased Property Service	500 Other Purchased Services	600 Supplies 800 Dues and Fees	700 Property	Total
1100	\$5,000	\$6,000	\$7,000	-	-	-	-	\$18,000
2600	-	-	-	\$5,000	-	-	-	\$5,000
4000	-	-	-	-	-	-	\$10,000	\$10,000
								\$33,000

Final Expenditure Report								
Fiscal Year <u>2020-2021</u>								
BUDGET SUMMARY								
	100 salaries	200 Benefits	300 Purchased Professional and Technical Services	400 Purchased Property Service	500 Other Purchased Services	600 Supplies 800 Dues and Fees	700 Property	Total
1100	\$5,000	\$6,000	\$7,000	-	-	-	-	\$18,000
2600	-	-	-	\$5,000	-	-	-	\$5,000
4000	-	-	-	-	-	-	\$10,000	\$10,000
								\$33,000

General Ledgers

Track expenditures within the general ledgers to account for actual transactions, with appropriate fields such as funding code, vendor, date, amount, etc.

Final Budget Revision

Compare the general ledger against the current budget to confirm the dollar amounts align on the function code and object code level. If they do not, conduct a Final Budget Revision.

Final Expenditure Report

Once all the funds have been used, complete the FER by using the finalized general ledger. At this point, the dollar amounts from the general ledger, budget, and FER should all align.

Grant Budget Revision



If you have a greater than \$1.00 difference in your 700 Object Code (Property), *a budget revision should be submitted.*

Budget revisions must be approved before the FER is created



If your actual cost by function code is greater or equal to 20% variance when compared to budget amount, a budget revision should be submitted. Please see LEA Budget and Program Revision Procedures instructions.





Final Expenditure report (FER)

The FER is a document to close projects and approve final payments. The FER should be supported by the documentation retained such as - invoices, payroll, proof of payment (POP), procurement etc. The Commonwealth of Pennsylvania requires supporting documentation to be retained for a **minimum of seven years**.



The **FER MUST equal** the total expenses claimed in the General Ledger by Object Code and Function Code



The **FER** should be supported by the current/revised budget



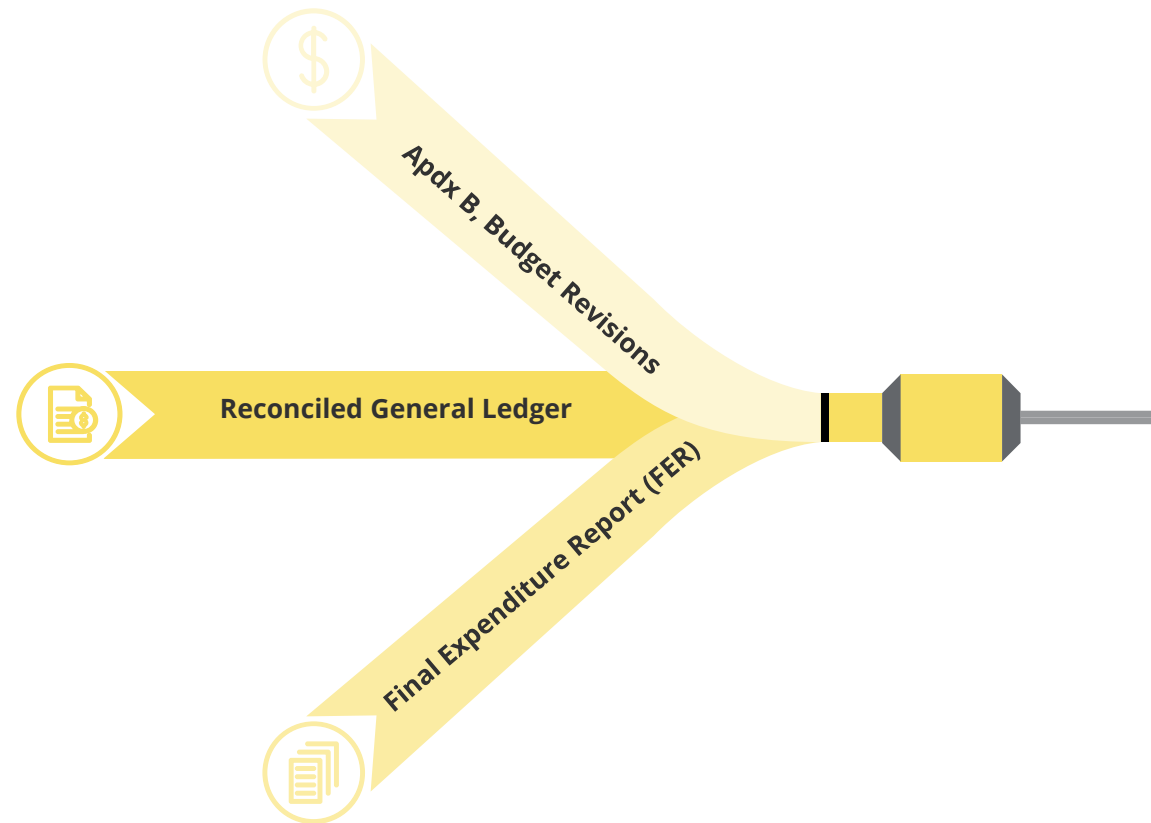
Once all funds are fully expended for ARP ESSER the Final Expenditure Report (FER) must be submitted within 30 days



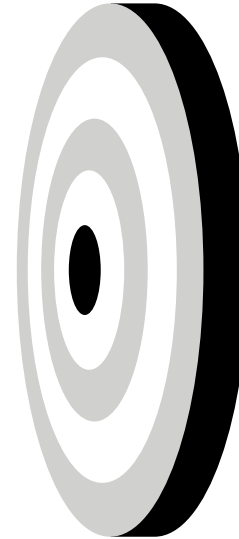


The Three-Pronged Approach

The ARP ESSER Closeout Process involves three core documents. The **Latest Grant Budget Revision**, the LEA's **Reconciled General Ledger**, and the creation and submission of the **FER**.



ARP ESSER Closeout



PDE Closeout Readiness



1

Funding is **fully** spent.

2

ARP ESSER expense subledger is **reconciled** to reflect actual costs incurred.

3

Expenses align with the **allowable uses** as outlined in the Subgrant Agreement.

4

Gather and retain all the relevant **documentation** to support your expenditures as reported in your internal records and FER.

5




Address all your **Observations** (if any) from the monitoring visit.

6

You have completed and submitted the **FER** in **eGrants**.



Common Observations and How to Address Them

	 FER Not Submitted	 No Budget Revision Submitted	 FER Does Not Match GL
OBSERVATION			
REGULATORY GUIDANCE	2 CFR 200.344 PDE Final Expenditure Report Instructions PDE ESSER Subaward Appendix C	PDE Budget Revision Instructions PDE LEA Budget and Program Revision procedures	2 CFR 200.403(g)
RISK	Failure to comply with reporting deadlines outlined in the terms and conditions of the subaward can result in loss of the Subrecipient's ESSER funding.	Failure to report actual financial expenditure information for Federal grant programs could result in loss of the Subrecipient's ESSER funding.	Failure to report actual financial expenditure information for Federal grant programs could result in loss of the Subrecipient's ESSER funding.
RECOMMENDED ACTION	It is recommended that Subrecipients reconcile their GL's and submit their FER within 30 days of being fully spent for the Federal award.	It is recommended that Subrecipients submit budget revisions for unspent function codes, unbudgeted function codes, and/or function codes with a variance greater than 20 percent for clarity and transparency.	It is recommended that Subrecipients submit revisions when their FER does not align with their GL claims for clarity and transparency.
NEXT STEPS	The Subrecipient should implement procedures for timely and accurate reporting of FER. The financial information reported in the FER must accurately reflect internal reporting information according to the Manual of Accounting and Financial Reporting for Pennsylvania Local Educational Agencies and the PA Chart of Accounts.	The Subrecipient should implement procedures for timely and accurate reporting of FER, budget modifications, and other reporting requirements. If circumstances require the re-opening of previous reports, please identify and contact the Regional Coordinator or Technical Administrator for your associated Intermediate Unit (IU).	The Subrecipient should implement procedures for timely and accurate reporting of FER consistent with internal accounting ledger information. If differences and/or errors in reporting information exist, please identify and make retroactive corrections for consistent reporting.



Common Observations and How to Address Them

OBSERVATION
REGULATORY GUIDANCE
RISK
RECOMMENDED ACTION
NEXT STEPS



No Subledger to Support FER

2 CFR 200.403(g)

Failure to comply with financial reporting requirements as outlined in the Manual of Accounting and Financial Reporting For Pennsylvania Local Educational Agencies and the PA Chart of Accounts can result in loss of the Subrecipient's ESSER funding.

The Subrecipient should implement procedures for timely and accurate reporting of Final Expenditure Reports (FER).

The financial information reported in the FER must accurately reflect internal reporting information according to the Manual of Accounting and Financial Reporting For Pennsylvania Local Educational Agencies and the PA Chart of Accounts.



FER Total is Greater/Less than GL Total

2 CFR 200.403(g)

Failure to report actual financial expenditure information for Federal grant programs could result in loss of the Subrecipient's ESSER funding.

The Subrecipient should implement procedures for timely and accurate reporting of Final Expenditure Reports consistent with internal accounting ledger information.

If differences and/or errors in reporting information exist, please identify and make retroactive corrections for consistent reporting.



Common Observations and How to Address Them

OBSERVATION
REGULATORY
GUIDANCE

RISK

RECOMMENDED
ACTION

NEXT STEPS



Missing ARP ESSER 20% Learning Loss Breakdown

Section 2001(e)(1) of the ARP Act

Failure to meet the minimum expenditure amounts required for ARP ESSER Learning Loss can result in not meeting the terms and conditions of the grant program and/or loss of ARP ESSER funding.

The LEA should document how actual spending met the definition of outlined requirements including documented breakouts of actual expenditures for each Learning Loss category and reallocation of expenditures as appropriate.

The Subrecipient should use proper budgeting procedures to make sure that mandated expenditure minimum amounts are met.



Missing ARP ESSER 5% Learning Loss Set-Aside Breakdown

Pennsylvania Act 24 of 2021

Failure to meet the minimum expenditure amounts required for ARP ESSER Learning Loss can result in not meeting the terms and conditions of the grant program and/or loss of ESSER funding.

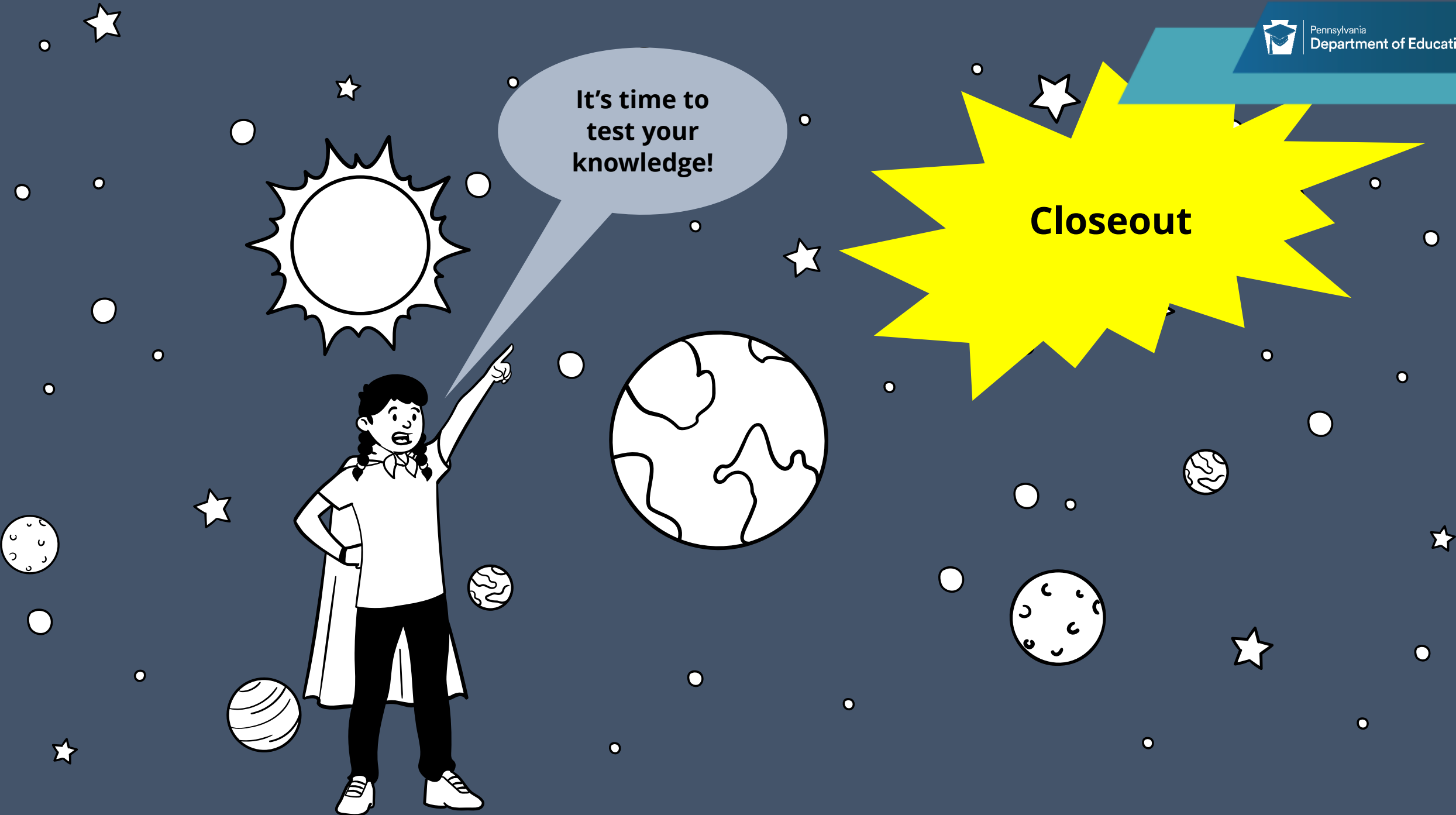
The LEA should document how actual spending met the definition of outlined requirements including documented breakouts of actual expenditures for each Learning Loss category and reallocation of expenditures as appropriate.

The Subrecipient should use proper budgeting procedures to make sure that mandated expenditure minimum amounts are met.



It's time to
test your
knowledge!

Closeout





Question 1

In which of the following scenarios must you submit a final budget revision prior to closing out your grant?

- a) When your actual cost for any object code are greater or equal to 20% of the budget
- b) When your FER and Subledger don't match at the object code level
- c) When the monitoring team tells you to
- d) When your actual cost for any function code are greater or equal to 20% of the budget





Question 2

True or False: Costs recorded in the FER should reflect actual amounts spent and recorded during the period of performance of the grant.

- a) True
- b) False





Question 3

What should you do if you have any recorded unallowable expenditures for ESSER?

- a) Have the supporting documentation for this expense readily available
- ☒ b) Move the expense out of ESSER
- c) If nominal amount, leave as is
- d) Try to tie it to ESSER in any way possible



Question 4



What is the record retention requirement in Pennsylvania?

- a) 5 Years
- b) 12 Years
- ☒ c) 7 Years
- d) 10 Years





Contact/Mission

For more information on the ESSER Technical Assistance Library please visit PDE's website at www.education.pa.gov

The mission of the Department of Education is to ensure that every learner has access to a world-class education system that academically prepares children and adults to succeed as productive citizens. Further, the Department seeks to establish a culture that is committed to improving opportunities throughout the commonwealth by ensuring that technical support, resources, and optimal learning environments are available for all students, whether children or adults.



— Appendix



Commonly Used Acronyms



<i>Full Name</i>	<i>Acronym</i>
American Rescue Plan Act	ARPA Act
Bureau of Career & Technical Education	BCTE
Chart of Accounts	COA
Code of Federal Regulations	CFR
Committee of Sponsoring Organizations of the Treadway Commission	COSO
Coronavirus Aid, Relief, and Economic Security Act	CARES Act
Coronavirus Response and Relief Supplemental Appropriations Act	CRRSA Act
Elementary and Secondary Education Act	ESSA
Elementary and Secondary School Emergency Relief	ESSER
Federal Awarding Agency	FAA
Federal Funding Accountability and Transparency Act	FFATA
Final Expenditure Report	FER

Commonly Used Acronyms



<i>Full Name</i>	<i>Acronym</i>
Generally Accepted Accounting Principles	GAAP
Governmental Accounting Standards Board	GASB 34
Individuals with Disabilities Education Act	IDEA
Local Education Agency	LEA
Non-Federal Entity	NFE
Pass-Through Entities	PTE
Pennsylvania Department of Education	PDE
Personally Identifiable Information	PII
Public Schools Employee Retirement System	PSERS
Purchase Cards	PCards
Purchase Order	PO
Simplified Acquisition Threshold	SAT
Uniform Grant Guidance	UGG

Resources



<i>Guidance Title</i>	<i>Guidance Documentation</i>	<i>Guidance Description</i>
CARES Act	H.R.748 - 116th Congress (2019-2020): CARES Act Congress.gov Library of Congress	Provides an online version of the CARES Act that was created in response to the Coronavirus Pandemic
CRRSA Act	Text - H.R.133 - 116th Congress (2019-2020): Consolidated Appropriations Act, 2021 Congress.gov Library of Congress	Provides an in-depth overview to the Coronavirus Response and Relief Supplemental Appropriations Act regarding ESSER funding
American Rescue Plan Act of 2021	Text - H.R.1319 - 117th Congress (2021-2022): American Rescue Plan Act of 2021 Congress.gov Library of Congress	Provides an online version of the ARP Act of 2021 that was created in response to the Coronavirus Pandemic
2 CFR 200	eCFR :: 2 CFR Part 200 -- Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards	The Uniform Guidance is a federal regulation that provides authoritative rules that govern federal awards, which are predominantly grants and cooperative agreements.
ESF Compliance Supplement	Education Exchange Stabilization Fund Compliance Supplement Addendum 1 PDF.pdf (cfo.gov)	The Education Stabilization Fund (ESF) compliance supplement from the U.S. CFO is updated as of October 2021 to include Compliance Requirements matrix for ESSER I, ESSER II, and ARP ESSER (Also contains allowable uses for the three programs)
PA ARP ESSER State Plan	Pennsylvania ARP ESSER State Plan (pa.gov)	The plan that PDE has set up regarding ESSER and ARP ESSER funding for the state of PA
PA LEA Chart of Accounts	Manual of Accounting and Financial Reporting for (pa.gov)	A guide of account code charges applicable to LEAs within PA

Resources



<i>Guidance Title</i>	<i>Guidance Documentation</i>	<i>Guidance Description</i>
Elementary and Secondary School Emergency Relief Fund (ESSER)	https://oese.ed.gov/offices/education-stabilization-fund/elementary-secondary-school-emergency-relief-fund/	Contains important information for the ESSER I, ESSER II, and ARP ESSER federal programs
Equitable Services under CARES ACT FAQ	Providing-Equitable-Services-under-the-CARES-Act-Programs-Update-10-9-2020.pdf (ed.gov)	Frequently asked questions for allowable equitable services under ESSER I CARES Act programs
PA / DOE Grant Agreement	https://oese.ed.gov/files/2020/06/Pennsylvania-ESSERF-Cert-Agree-Redacted.pdf	An online version of the grant agreement between the U.S. DOE and the PDE for the ESSER funding
ESSER I Allowable Uses	Answers to FAQs (pa.gov)	Contains allowable uses under ESSER I
ESSER II Allowable Uses	Answers to FAQs (pa.gov)	Contains allowable uses under ESSER II
ARP ESSER Allowable Uses	Answers to FAQs (pa.gov)	Contains allowable uses under ARP ESSER

Version	Version Date	Summary of Changes
1.0	8/11/2023	Initial Publication
2.0	2/9/2024	<p>Slide 45 - Fund Expense Ratio (FER) wording changed to Final Expenditure Report (FER)</p> <p>Slide 47 - Included the following language: LEA's must maintain advance payments of Federal awards in interest-bearing accounts unless LEA receives less than \$250,000 in federal awards per year, does not expect to earn \$500 in interest or bank deposit minimums are unreasonable.</p> <p>Slide 49 - Changed: "Perform book to bank reconciliations quarterly and confirm that expenses are properly coded." to "Perform book to bank reconciliations at least monthly and confirm that expenses are properly recorded."</p> <p>Slide 55 - Removed duplicate (ii) and (iii) from 2 CFR 200.1 Definitions</p> <p>Slide 66 - Changed: 1. "price in not used a sole selection factor" to "price is not used a sole selection factor" 2. Removed " Expressly authorized by awarding or pass-through agency in response to written request from district"</p> <p>Slide 123 - Removed the three star graphics and associated text: 1. January 28, 2023 – Final Expenditure Report was due 2. January 28, 2024 – Final Expenditure Report is due 3. January 28, 2025 – Final Expenditure Report is due</p> <p>Slide 127 - Edited slides to reflect new language and Observations</p> <p>Slide 128 - Added slide to reflect new Observations</p>
2.1	5/13/2024	<p>Slide 126 (Final Expenditure Report (FER)) a. Original: The FER MUST equal to the total expenses claimed in the General Ledger, and should be supported by the current/revised budget, and documentation retained such as - invoices, payroll, proof of payment (POP), procurement etc. b. Revised: The FER MUST equal to the total expenses claimed in the General Ledger, and should be supported by the current/revised budget. The documentation that should be retained includes invoices, payroll, proof of payment (POP), procurement etc.</p> <p>Closeout Knowledge Check #2 a. Original: At closeout, if total actual expenses do not equal FER totals. What action needs to be taken? b. Revised: At closeout, if total actual expenses do not equal FER totals, what action needs to be taken?</p> <p>Closeout Knowledge Check #3 a. Original: At closeout, Budget Revisions are required when? b. Revised: At closeout, Budget Revisions are required when...</p> <p>Slide 67 (Procurement Matrix) Updated the procurement matrix to account for the 2024 Commonwealth of PA Procurement Thresholds</p> <p>Slide 127 (Final Expenditure Report (FER) Procedures & Requirements) Updated the checklist to more accurately represent the closeout process</p> <p>Slide 17 NEW (ARP ESSER 2.5% Set-Aside) Added in this slide to explain the ARP 2.5% set-aside</p> <p>Slide 16 (5% Learning Loss Set Aside) Adjusted the sub-header to more accurately represent the source of the funding breakdown</p>





Version	Version Date	Summary of Changes
3.0	1/27/2025	<p>Replaced section 7 Salaries and Benefits with the updated Time & Effort slides. This new section includes PDE's guidance on Time and Effort procedures, updated visuals, and more relevant information such as required policies to improve compliance with this section.</p> <p>Replaced section 8 Program Closeout with the updated ARP ESSER Program Closeout slides. This updated section includes updated visuals and relevant information specific to the ARP ESSER grant program as well as new information relating to reconciliation, recording and reporting, the closeout requirements for each program, and leading practices.</p>
3.1	3/23/2025	<p>Added the PDE logo to each slide of the TA library including the addition of slide 150 Contact/Mission.</p>