

Elementary & Secondary Education (ESEA) Finance Monitoring Guide

Fiscal Year 2019-2020

Division of Financial and Administrative Services
ESEA Finance

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FINANCIAL MANAGEMENT/SEPARATE TRACKING

Monitoring Statements and Corrective Action Plans

Requirement	Evidence	CAP
<p>LEA has a method for the identification of ESEA grants and includes the following required components:</p> <ul style="list-style-type: none"> • CFDA Title and Number • Federal Award Identification Number (FAIN) • Fiscal Year of the Award • Name of the Federal Agency (USED) • Name of the Pass-Through Entity (DESE) • Project Code • Source Code 	<p>The LEAs financial management system or the Federal Award Identification spreadsheet contains all required components of identification of Federal awards received and expended and may be used to fulfill this requirement.</p> <p>http://dese.mo.gov/financial-admin-services/general-federal-guidance</p>	<p>The LEA must create a Federal Award Identification spreadsheet with the required components.</p>
<p>ESEA grants are separated from other funding sources and uses DESE assigned project codes.</p>	<p>Accounting records (financial reports, ledgers, accounts) Chart of accounts/Legend</p>	<p>The LEA must utilize DESE assigned project codes for tracking expenditures paid with ESEA funds.</p>

CASH MANAGEMENT (Written Procedures Required)

Monitoring Statements and Corrective Action Plans

Requirement	Evidence	CAP
<p>LEA has written procedures on cash management that explains the process used for ensuring that Federal funds are requested on a reimbursement basis only.</p>	<p>LEA policies and procedures</p>	<p>The LEA must provide the required written procedure to ensure future compliance.</p>
<p>ESEA financial records show the LEA was paid on reimbursement as required by the Cash Management Improvement Act (CMIA).</p> <p>LEA ensures payment requests did not exceed the expenditures coded in the general ledger.</p>	<p>Review of school payments, Accounting records (financial reports, ledgers, accounts)</p>	<p>The LEA must calculate interest earnings and, if applicable, pay interest from the state and local funding sources to the federal agency (through DESE).</p> <p>The LEA must create a written procedure to ensure future compliance.</p>

INTERNAL CONTROLS

INTERNAL CONTROLS		
Monitoring Statements and Corrective Action Plans		
Requirement	Evidence	CAP
LEA staff duties between accounts receivable and accounts payable are segregated and/or double checked to ensure controls over fraud and abuse.	Job descriptions, interviews, policies and procedures	The LEA must assign segregated duties and/or create a second approval process/procedure to ensure future compliance with internal controls.
Supporting documents (purchase orders, invoices, etc.) are reviewed, signed and dated prior to the payment being issued.	Interviews, policies and procedures	The LEA must create a process/procedure where supporting documentation is reviewed prior to the approval of payments to ensure future compliance with internal controls.
ESEA expenditures can be traced back to a source document.	Requisitions, purchase orders, invoices, agendas, sign-in sheets	Expenditures must be supported by documentation or return ESEA funds. The LEA must create a process/procedure to ensure future compliance.

PROCUREMENT (Written Procedures Required)

PROCUREMENT (Written Procedures Required)		
Monitoring Statements and Corrective Action Plans		
Requirement	Evidence	CAP
LEA has written procedures on procurement which: Addresses the standards of conduct covering conflicts of interest and governing the actions of employees engaged in the selection, award and administration of contracts: <ul style="list-style-type: none"> ● Address the standards set for situations in which a financial interest is not substantial or a gift is an unsolicited item of nominal value ● Address the disciplinary actions to be applied for violations of such standards by officers, employees, or agents 	Discussion with LEA personnel, Accounting records (financial reports, ledgers, accounts), and written procurement procedure	The LEA must create a written procedure to ensure future compliance with procurement requirements.

<p>Address applicable procurement methods:</p> <ul style="list-style-type: none"> ● Micro-purchases (up to \$10,000) ● Small purchases (\$10,001 - \$249,999) ● Sealed bids (\$250,000 or more) ● Competitive proposals (\$250,000 or more) ● Non-competitive/sole source <p>Address the process used to avoid acquisition of unnecessary or duplicative items</p> <p>Address the process used for procurement transactions that ensure that all solicitations:</p> <ul style="list-style-type: none"> ● Incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured ● Identify all requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals 		
<p>LEA follows the procurement procedure for all purchases paid with ESEA funds.</p>	<p>Accounting records (financial reports, ledgers, accounts), and written procurement procedure</p>	<p>The LEA must return the expenditures for goods or services that did not follow the procurement procedure.</p>
<p>Prior to procurement, LEA ensures contractors/vendors were not debarred, suspended, or included on the Excluded Parties List (EPL). This requirement applies to goods and services transactions expected to equal or exceed \$25,000. This requirement does not apply to employees, registrations or material and supplies.</p>	<p>If the transaction equals or exceeds \$25,000, LEAs must go to www.sam.gov or to http://exclusions.oig.hhs.gov/ to verify the status of contractors/vendors with the federal government.</p>	<p>The LEA must create a process/procedure to ensure future compliance by checking the EPL and documenting results.</p>

OBLIGATIONS

Monitoring Statements and Corrective Action Plans

Requirement	Evidence	CAP
<p>LEA had no obligations or expenditures prior to the substantially approved application date (July 1 or later).</p> <p>LEA ensures purchase orders were not issued/created prior to substantially approved date (July 1 or later).</p> <p>LEA ensures employee payroll outside of the fiscal year (July 1st through June 30th) is reported on the FER based on the year of the obligation, not when the payment was made.</p>	<p>General ledger, payroll records, contracts, budget application, and purchase order report</p>	<p>The LEA must Journal Voucher/Recode expenditures with other allowable expenditures; <u>or</u> return, from state and local funds, the amount obligated prior to submission date of the Budget Application.</p> <p>The LEA must create a process/ procedure to ensure future compliance with obligation of funds.</p>
<p>LEA had no obligations or expenditures after the funding/award period ends (June 30).</p>	<p>General ledger, payroll records, contracts, budget application, and purchase order report</p>	<p>The LEA must Journal Voucher/Recode expenditures with other allowable expenditures; <u>or</u> return, from state and local funds, the amount obligated after the funding period.</p> <p>The LEA must create a process/ procedure to ensure future compliance with obligation of funds.</p>

ALLOWABLE USE OF FUNDS (Written Procedures Required)

Monitoring Statements and Corrective Action Plans

Requirement	Evidence	CAP
<p>LEA has written procedures on determining allowability of costs.</p> <p>Procedure must address the process used for determining the allowability of costs in accordance with Subpart E - Cost Principles of the Uniform Grant Guidance and the terms and conditions of the Federal award.</p>	<p>LEA policies and procedures</p>	<p>The LEA must provide the required written procedure. Generally, a cost is allowable if it is necessary, reasonable, allocable and documented.</p>

ESEA funds are spent according to the approved plan, budget and final expenditure report (FER).	Accounting records (financial reports, ledgers, accounts)	
LEA ensures expenditures paid with ESEA funds recorded in the general ledger match the ePeGS FER grid.	FER, Accounting records (financial reports, ledgers, accounts)	The LEA must revise the FER or recode expenditures in the general ledger to match the FER.
ESEA funds are expended for allowable activities.	Accounting records (financial reports, ledgers, accounts)	The LEA must recode an allowable expenditure from another source or return the unallowable expenditure amount.
<p>LEA has written <u>policy</u> on travel that explains the requirements of travel status and reimbursement of travel costs.</p> <p>Policy must address the process used to reimburse expenses of employees on official business (actual cost basis, per diem basis, or mileage basis).</p> <p>Policy must address the process used to determine whether costs for travel, including lodging, subsistence, and incidental expenses, are reasonable and allowable.</p>	LEA board approved policy	The LEA must provide the required written procedure.
ESEA travel expenses are supported by documentation that justifies that participation of the individual is necessary to the Federal award.	Travel documentation justification, conference/meeting agenda	The LEA must create a process/procedure to ensure future compliance with justification for travel.
ESEA food costs at LEA hosted meetings/trainings are supported by documentation that justifies that the food is reasonable in cost, necessary to accomplish program goals and objectives, and an integral part of the program.	Meeting/training agenda, list of attendees, food justification documentation	The LEA must create a process/procedure to ensure future compliance with justification for food costs.

SUPPLEMENT/SUPLANT REQUIREMENT

Monitoring Statements and Corrective Action Plans		
Requirement	Evidence	CAP
ESEA funds are used to supplement and not supplant non-federal funds.	Accounting records (financial reports, ledgers, accounts), Core Data, Job Descriptions. Additional information is on page 4 of the Fiscal Requirements Guide at https://dese.mo.gov/financial-admin-services/esea-finance/esea-fiscal-requirements	The LEA must recode an allowable expenditure from another source or return the unallowable expenditure amount.

TIME AND EFFORT REPORTING

Monitoring Statements and Corrective Action Plans		
Requirement	Evidence	CAP
<p>Employees who work solely on a single cost objective and are paid from ESEA funds prepare semi-annual time certifications to support charges to the grant as required.</p> <p>LEA ensures the certifications are completed twice during the school year and signed by either the employee or the supervisor after the funding period listed on the certification form.</p>	Semi-annual time certifications on file associated with payroll detail.	<p>The LEA must complete Semi-Annual Certification forms to support employees who worked solely in the ESEA program and were paid any portion of ESEA funds or return the funds.</p> <p>The LEA must create a process/procedure to ensure future compliance with this requirement.</p>
Employees who work on multiple cost objectives including those funded through Administration Pool and are paid from ESEA funds and other funds prepare monthly time sheets to support charges to the grant as required.	Payroll detail for Federal Programs. Core Data will be used as a source document.	<p>The LEA must complete Time and Effort Logs/Personnel Activity Reports (PARs) for employees who worked in the ESEA program and on any other program(s) and were paid any portion of ESEA funds or return the unallowable amount.</p> <p>The LEA must create a process/procedure to ensure future compliance with this requirement.</p>

<p>Employees who work on multiple cost objectives, are paid from ESEA funds and other funds, have <u>fixed schedules</u> and SEA approval to use the substitute system prepared certification forms to support charges to the grant as required.</p>	<p>SEA approval of substitute system, fixed work schedule, payroll records.</p>	<p>The LEA must complete Semi-Annual Certification forms/Personnel Activity Reports (PARs) for employees who worked in the ESEA program and on any other program(s) and were paid any portion of ESEA funds or return the unallowable amount.</p> <p>The LEA must create a process/procedure to ensure future compliance with this requirement.</p>
<p>Stipends and extra-duty pay are supported by a signed written agreement between the employee and the LEA that indicates the extra work to be performed, the date(s) of performance, and the amount to be paid to the employee. In addition, the employee prepares time and effort documentation as required for payment.</p>	<p>Signed written agreement; monthly/hourly time sheets or time certification</p>	<p>The LEA must create a process/ procedure to ensure stipends/extra duty work paid with ESEA funds is supported by written agreement.</p>
<p>Job descriptions of employees paid from ESEA funds are on file.</p>	<p>Job descriptions on file</p>	<p>The LEA must create a process/ procedure to ensure future compliance with this requirement.</p>
<p>Staff paid entirely or in part with ESEA funds are coded to an acceptable course and program code in Core Data/MOSIS.</p>	<p>Core Data/MOSIS reports, Core Data Exhibit 15 https://dese.mo.gov/sites/default/files/cd-mosis-manual.pdf</p>	<p>The LEA must create a process/ procedure to accurately code employees who worked in the ESEA program and were paid any portion of ESEA funds to an acceptable course code in MOSIS/Core Data.</p>

EQUIPMENT AND REAL PROPERTY MANAGEMENT

Monitoring Statements and Corrective Action Plans

Requirement	Evidence	CAP
<p>The following items are subject to the inventory management and control requirements: Equipment items with an acquisition cost of \$1,000 or more per unit, and Items with an acquisition cost under \$1,000 per unit which is considered attractive or easily pilfered.</p>		
Equipment purchases are consistent with the budget and approved by DESE.	Accounting records (financial reports, ledgers, accounts); equipment inventory records	The LEA must return the unallowable expenditure amount.
ESEA equipment records are maintained and up-to-date.	Equipment inventory records	<p>The LEA must add equipment purchased with ESEA funds to the master inventory listing as it is purchased and received.</p> <p>The LEA must create a process/procedure to ensure future compliance with equipment management requirements.</p>
<p>A centralized inventory control system accounts for all equipment purchased with federal funds and contains the required elements: Description, Serial number or other identification number, Funding source (including FAIN), Title holder, Acquisition date, Cost, Percentage of federal participation, Location, use and condition of the equipment, and applicable disposition data.</p>	Equipment inventory records	<p>The LEA must create one master inventory listing to include all equipment purchased with federal funds and include all required components</p> <p>The LEA must create a process/procedure to ensure future compliance with equipment management requirements.</p>
Equipment is used for its intended purpose.	Equipment inventory records; on-site physical verification	The LEA must describe use of equipment if not used for the ESEA program or return the unallowable expenditure amount.
Controls/safeguards are in place to prevent loss, damage or theft to ESEA equipment.	Interviews	The LEA must create a process/procedure to ensure future compliance with equipment management requirements.
ESEA funds are used to supplement and not supplant non-federal funds.	Interviews; equipment inventory records, documentation of approval regarding purged items	The LEA must describe use of equipment if not used for the ESEA program or return the unallowable expenditure.
Physical inventory of ESEA	Interviews; equipment	The LEA must conduct the

equipment is conducted and results documented in the equipment records at least once every two years.	inventory records	physical inventory of equipment purchased with ESEA funds and provide supporting evidence. The LEA must create a process/procedure to ensure future compliance with equipment management requirements.
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CAPITAL OUTLAY (NON-EQUIPMENT)

Monitoring Statements and Corrective Action Plans

Requirement	Evidence	CAP
Non-Equipment - vehicles or planning facility projects (minor remodeling).		
Capital Outlay purchases are consistent with the budget and approved by the Department.	Accounting records (financial reports, ledgers, accounts); budget application	The LEA must return the unallowable expenditure amount.
Capital Outlay is used for its intended purpose.	Accounting records (financial reports, ledgers, accounts)	The LEA must describe use of capital outlay if not used for the ESEA program or return as unallowable expenditure amount.
Capital Outlay complies with Davis-Bacon (wage requirements).	Accounting records (financial reports, ledgers, accounts)	LEA must create a process/procedure to ensure future compliance with capital outlay management requirements.
Capital Outlay expenditures follow LEA bidding/procurement requirements.	Accounting records (financial reports, ledgers, accounts)	LEA must create a process/procedure to ensure future compliance with procurement requirements.

SCHOOL AUDIT

Monitoring Statements and Corrective Action Plans

Requirement	Evidence	CAP
Audits; corrective action plans for findings in two most recent years have been addressed.	Accounting records (financial reports, ledgers, accounts); LEA response to findings. DESE response to Corrective Action Plan (what actions/documentation must be provided to resolve finding)	The LEA must demonstrate implementation of corrective action plan and process/procedure.

NONPUBLIC SCHOOL SERVICES

Monitoring Statements and Corrective Action Plans		
Requirement	Evidence	CAP
The district expends or protects the equitable services allocation for eligible nonpublic school staff and/or students. Funds do not go directly to nonpublic schools.	Accounting records (financial reports, ledgers, accounts); contracts	The LEA must return unallowable expenditures.
LEA ensures only nonpublic school teachers of Title I participants receive professional development activities paid with Title I funds.	Accounting records (financial reports, ledgers, accounts); contracts to verify teacher has Title I students.	The districts must return unallowable expenditures.

TITLE I.A PROVISIONS

Monitoring Statements and Corrective Action Plans		
Requirement	Evidence	CAP
LEA has written methodology to allocate state/local funds to each school receiving Title I funds to ensure that the school receives all the state/local funds it would otherwise receive if it were not receiving Title I funds. Supplement Not Supplant (SNS) written methodology <u>is not required</u> for LEAs with one school, only Title I schools, or only one school per grade span.	LEA policies and procedures. Additional information is on page 4 of the Fiscal Requirements Guide at https://dese.mo.gov/financial-admin-services/esea-finance/esea-fiscal-requirements	The LEA must create a written methodology to ensure future compliance with Title I.A Supplement Not Supplant (SNS) requirement.
LEA provides evidence each eligible building receives the allocated amount of funds indicated on Step 4 of the BOA and current building level budgets and expenditures correspond to the BOA.	ESEA Consolidated Application - BOA Step 4 and budget and expenditure report for each building	The LEA must create a process/procedure to ensure future compliance with Title I.A ranking and serving requirements.
Title I Targeted assistance school services are used only by participating students and according to regulations and guidelines (students identified through multiple criteria).	Teacher's class schedules, rosters, and shared lesson plans/PD records/Accounting records	The LEA must create a process/procedure to ensure future compliance with Title I.A eligibility requirements.

LEA complies with the carryover provisions of Title I. LEA has accounting records to support expenditures and obligations submitted on the 9/30 Report.	Accounting records (financial reports, ledgers, accounts)	The LEA must create a process/procedure to ensure future compliance with documentation of expenditures and obligations on the 9/30 Report.
LEAs with overlapping grade spans have written process/procedure to ensure compliance with Comparability of Services.	Written comparability process/procedure (timeline, measure & process used to determine whether schools are comparable, and how and when the LEA makes adjustments in schools that are not comparable), completed comparability report and supporting documentation.	The LEA must submit written procedures to ensure compliance with Title I.A comparability of services requirement.

TITLE I.A AND I.D NEGLECTED AND DELINQUENT (As applicable)

Monitoring Statements and Corrective Action Plans

Requirement	Evidence	CAP
The October caseload data at the institution has been reviewed and verified and agrees with the count submitted on the October annual survey.	There must be documentation on file to support the caseload data reported on the Annual Survey in DESE’s Compliance Plans web application since the count generates Title I funds. See Neglected and Delinquent Annual Survey .	The LEA must submit written procedures to ensure compliance with the Title I.A and I.D annual survey of caseload count requirement.

SCHOOLWIDE POOL PROVISIONS (As applicable)

Monitoring Statements and Corrective Action Plans		
Requirement	Evidence	CAP
<p>LEA can demonstrate each school receiving Title I funds receives all the state/local funds it would otherwise receive if it were not receiving Title I funds.</p> <p>Supplement Not Supplant (SNS) written methodology <u>is not required</u> for LEAs with one school, only Title I schools; or only one school per grade span.</p>	<p>Discussion with LEA personnel, Budget and Accounting Records. Additional information on SNS is available on page 4 of the Fiscal Requirements Guide on MOE, Comparability and Supplement not Supplant at https://dese.mo.gov/financial-admin-services/esea-finance/esea-fiscal-requirements-and-monitoring</p>	<p>LEA must create a process/procedure to ensure Federal funds supplement those funds the school would otherwise receive from non-Federal sources.</p>
<p>LEA can demonstrate it meets the intent and purpose of each Federal program whose funds it consolidates.</p>	<p>Accounting records (financial reports, ledgers, accounts)</p>	
<p>Schoolwide Pool utilizes project code 40001.</p>	<p>Accounting records (financial reports, ledgers, accounts)</p>	<p>LEA must show evidence that project code 40001 is used to track funds.</p>