

Elementary & Secondary Education (ESEA) Finance Monitoring Guide

Fiscal Year 2016-2017

Division of Financial and Administrative Services
ESEA Finance

P.O. Box 480

Jefferson City, MO 65102-0480

Phone: 573-751-2641 • Fax: 573-522-3477

Email: federalfinancial@dese.mo.gov

Website: <http://dese.mo.gov/financial-admin-services/federal-financial-management>



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FINANCIAL MANAGEMENT/SEPARATE TRACKING

Monitoring Statements and Corrective Action Plans		
Requirement	Evidence	CAP
<p>District/LEA has a financial management system that provides for the identification of ESEA grants and includes the following:</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) 	<p>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 district/LEA must create a Federal Award Identification spreadsheet with the required components.</p>
<p>ESEA grants are separated from other funding sources (separate source of funds/program accounting code for each grant).</p>	<p>Accounting records (financial reports, ledgers, accounts) Chart of accounts/Legend</p>	<p>The district/LEA must create source of funds/project codes for tracking expenditures paid with ESEA funds separately from other expenditures.</p>

CASH MANAGEMENT

Monitoring Statements and Corrective Action Plans		
Requirement	Evidence	CAP
<p>District/LEA has written procedures on cash management that explains the process to request reimbursement of Federal funds.</p>	<p>District/LEA policies and procedures</p>	<p>The district/LEA must provide the required written procedure to ensure future compliance.</p>
<p>ESEA financial records show the district/LEA was paid on reimbursement as required by the Cash Management Improvement Act (CMIA).</p> <p>District/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 district/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 district/LEA must create a written procedure to ensure future compliance.</p>

INTERNAL CONTROLS

Monitoring Statements and Corrective Action Plans		
Requirement	Evidence	CAP
District/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 district/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 prior to the check being issued/approved.	Interviews, policies and procedures	The district/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	Expenditures must be supported by documentation or return ESEA funds. The district/LEA must create a process/procedure to ensure future compliance.

PROCUREMENT (Written Procedures Required)

Monitoring Statements and Corrective Action Plans		
Requirement	Evidence	CAP
District/LEA has written procedures on procurement which includes gratuity and conflict of interest.	Discussion with district/LEA personnel, Accounting records (financial reports, ledgers, accounts), and written procurement procedure	The district/LEA must create a written procedure to ensure future compliance with procurement requirements.
District/LEA follows the procurement procedure for all purchases paid with ESEA funds.		The district/LEA must return the expenditures for goods or services that did not follow the procurement procedure.

<p>Prior to procurement, district/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, districts/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 district/LEA must create a process/procedure to ensure future compliance by checking the EPL and documenting results.</p>
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PERIOD OF AVAILABILITY/OBLIGATIONS

Monitoring Statements and Corrective Action Plans		
Requirement	Evidence	CAP
<p>There were no obligations/expenditures prior to the submission of a substantially approved application.</p>	<p>General ledger, payroll records, contracts, budget application, and purchase order report</p>	<p>The district/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 district/LEA must create a process/ procedure to ensure future compliance with obligation of funds.</p>
<p>There were no obligations/expenditures after the funding/award period.</p>	<p>General ledger, payroll records, contracts, budget application, and purchase order report</p>	<p>The district/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 district/LEA must create a process/ procedure to ensure future compliance with obligation of funds.</p>

ALLOWABLE USE OF FUNDS

ALLOWABLE USE OF FUNDS		
Monitoring Statements and Corrective Action Plans		
Requirement	Evidence	CAP
District/LEA has written procedures on determining allowability of costs for the Federal award.	District/LEA policies and procedures	The district/LEA must provide the required written procedure. Generally, a cost is allowable if it is necessary, reasonable, allocable and documented.
District/LEA has accounting records to support expenditures on the FER.	FER, Accounting records (financial reports, ledgers, accounts)	The district/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 district/LEA must recode an allowable expenditure from another source or return the unallowable expenditure amount.
District/LEA has written <u>policy</u> on travel that explains the requirements of travel status and reimbursement of travel costs.	District/LEA board approved policy.	The district/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 district/LEA must create a process/procedure to ensure future compliance with justification for travel.
ESEA food costs at district/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 district/LEA must create a process/procedure to ensure future compliance with justification for food costs.

SUPPLEMENT/SUPLANT REQUIREMENT

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	The district/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>Semi-annual time certifications on file associated with payroll detail.</p>	<p>The district/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 district/LEA must create a process/ procedure to ensure future compliance with this requirement.</p>
<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.</p>	<p>Payroll detail for Federal Programs. Core Data will be used as a source document.</p>	<p>The district/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 district/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 fixed schedules, and SEA approval to use the substitute system prepare 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 district/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 district/LEA must create a process/procedure to ensure future compliance with this requirement.</p>

Stipends and extra-duty pay are supported by a signed written agreement between the employee and the district/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.	Signed written agreement; monthly/hourly time sheets or time certification	The district/LEA must create a process/ procedure to ensure stipends/extra duty work paid with ESEA funds is supported by written agreement.
Job descriptions of employees paid from ESEA funds are on file.	Job descriptions on file	The district/LEA must create a process/ procedure to ensure future compliance with this requirement.
Staff paid entirely or in part with ESEA funds are coded to an acceptable course and program code in Core Data/MOSIS.	Core Data/MOSIS reports, Core Data Exhibit 15	The district/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.

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:</p> <ul style="list-style-type: none"> • 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. 		
Equipment purchases are consistent with the budget and approved by DESE.	Accounting records (financial reports, ledgers, accounts); equipment inventory records	The district/LEA must return the unallowable expenditure amount.
ESEA equipment records are maintained and up-to-date.	Equipment inventory records	<p>The district/LEA must add equipment purchased with ESEA funds to the master inventory listing as it is purchased and received.</p> <p>The district/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>	<p>Equipment inventory records</p>	<p>The district/LEA must create one master inventory listing to include all equipment purchased with federal funds and include all required components</p> <p>The district/LEA must create a process/procedure to ensure future compliance with equipment management requirements.</p>
<p>Equipment is used for its intended purpose.</p>	<p>Equipment inventory records; on-site physical verification</p>	<p>The district/LEA must describe use of equipment if not used for the ESEA program or return the unallowable expenditure amount.</p>
<p>Controls/safeguards are in place to prevent loss, damage or theft to ESEA equipment.</p>	<p>Interviews</p>	<p>The district/LEA must create a process/procedure to ensure future compliance with equipment management requirements.</p>
<p>ESEA funds are used to supplement and not supplant non-federal funds.</p>	<p>Interviews; equipment inventory records, documentation of approval regarding purged items</p>	<p>The district/LEA must describe use of equipment if not used for the ESEA program or return the unallowable expenditure.</p>
<p>Physical inventory of ESEA equipment is conducted and results documented in the equipment records at least once every two years.</p>	<p>Interviews; equipment inventory records</p>	<p>The district/LEA must conduct the physical inventory of equipment purchased with ESEA funds and provide supporting evidence.</p> <p>The district/LEA must create a process/procedure to ensure future compliance with equipment management requirements.</p>

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 district/LEA must return the unallowable expenditure amount.
Capital Outlay is used for its intended purpose.	Accounting records (financial reports, ledgers, accounts)	The district/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)	District/LEA must create a process/procedure to ensure future compliance with capital outlay management requirements.
Capital Outlay expenditure followed district/LEA bidding/procurement requirements.	Accounting records (financial reports, ledgers, accounts)	District/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); Districts/LEAs response to findings. DESE response to Corrective Action Plan (what actions/documentation must be provided to resolve finding)	The district/LEA must demonstrate implementation of corrective action plan and process/procedure.

NONPUBLIC SCHOOL SERVICES

Monitoring Statements and Corrective Action Plans		
Requirement	Evidence	CAP
Nonpublic School Services: The District expends or protects sufficient project funds for equitable services to eligible nonpublic school staff and/or students. Funds do not go directly to nonpublic schools.	Accounting records (financial reports, ledgers, accounts); contracts	The district/LEA must return unallowable expenditures.

TITLE I.A PROVISIONS

Monitoring Statements and Corrective Action Plans		
Requirement	Evidence	CAP
District/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 district/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 district/LEA must create a process/procedure to ensure future compliance with Title I.A eligibility requirements.
District/LEA complies with the carryover provisions of Title I. District/LEA has accounting records to support expenditures and obligations submitted on the 9/30 Report.	Accounting records (financial reports, ledgers, accounts)	The district/LEA must create a process/procedure to ensure future compliance with documentation of expenditures and obligations on the 9/30 Report.
One Percent for Parent Involvement, if applicable. For districts/LEAs with over \$500,000, one percent of the allocation is utilized for parent involvement activities, including promoting family literacy and parenting skills.	Accounting records (financial reports, ledgers, accounts)	The district/LEA must create a process/procedure to ensure future compliance with Title I.A Parent Involvement requirements.
Districts/LEAs with over-lapping grade spans have written process/procedure to ensure compliance with Comparability of Services. (NCLB, 1120A (c)(3)) Title I Fiscal Issues Guidance, page 17.	Written comparability process/procedure (timeline, measure & process used to determine whether schools are comparable, and how and when the district/LEA makes adjustments in schools that are not comparable), completed comparability report and supporting documentation	The district/LEA must submit written procedures to ensure compliance with Title I.A comparability of services requirement.

SCHOOLWIDE POOL PROVISIONS

Monitoring Statements and Corrective Action Plans		
Requirement	Evidence	CAP
<p>District/LEA can demonstrate equitable distribution of non-Federal funds.</p> <p>(A schoolwide program school shall use Title I funds only to supplement the amount of funds that would, in the absence of the Title I funds, be available from non-Federal sources for the school, and including funds needed to provide services that are required by law for children with disabilities and English Learners.)</p>	<p>Discussion with district/LEA personnel, Budget and Accounting Records.</p> <p>There are multiple ways a district/LEA might distribute non-Federal funds among its schools; Distribution of non-Federal of students (weighted per pupil), based on staffing and supplies, or other process.</p>	<p>District/LEA must create a process/procedure to ensure Federal funds supplement those funds the school would otherwise receive from non-Federal sources.</p>
<p>District/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 has a separate source of funds/program code.</p>	<p>Accounting records (financial reports, ledgers, accounts)</p>	