



**TOM TORLAKSON**  
State Superintendent  
of Public Instruction

# **2015-16 Federal Program Monitoring Fiscal Monitoring**

**Presented by:  
April Woodcheke and Kristin  
Rhoades**

**August 2015**

# Presentation Outcomes



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Knowledge and Understanding:

- Meeting CE Item Requirements
  - Frequently Non-Compliant Items
  - Overview of CE Instrument by Dimensions and Topics
- Preparing for a Successful FPM CE Review
- CE Instrument located on the California Department of Education (CDE) Compliance Monitoring Web page at <http://www.cde.ca.gov/ta/cr/>



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# Presentation Topics

- Fiscal Monitoring (FM) Instrument
- Best Practices for a Successful Review
- FM Unit Contact Information



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# Fiscal Monitoring Federal Programs Reviewed

- Title I, Part A, Basic Grants Low Income and Neglected Program—Resource Code 3010
- Title I, Part C, Migrant Ed & Migrant Ed Summer Program—Resource Codes 3060 & 3061
- Title II, Part A, Teacher Quality Program—Resource Code 4035
- Title III, Limited English Proficiency (LEP) Student Program—Resource Code 4203
- Title IV, Part B, 21st Century Program—Resource Code 4124



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# Fiscal Monitoring Instrument Components

- III-FM 01 Timekeeping Requirements
- III-FM 02 Allowable Costs
- III-FM 03 Supplement, Not Supplant
- III-FM 04 Cash Management
- III-FM 05 Funding
- III-FM 06 Reporting



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# III-FM 01 Federal Timekeeping Requirements

Ensure the LEA properly *charges and documents* salaries and wages that are reasonable, necessary, and allowable in accordance with applicable program requirements.

*Title 2 C.F.R. Part 200.430*



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# New EDGAR

- Time Accounting Records Must:
- Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated
- Be incorporated into the official records of the LEA
- Reasonably reflect the total activity for which the employee is compensated, not exceeding 100% of compensated activities
- Encompass both federally assisted and all other activities compensated by the LEA



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# New EDGAR

- Comply with the established accounting policies and practices of the LEA
- Support the distribution of the employee's salary or wages among specific activities or cost objectives
- Budget estimates (i.e. estimates determined before the services are performed) do not qualify as support for charges to Federal awards

*2 C.F.R. part 200 430(8)(i)(1)(x)*



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# What does this mean?

- For records which do not meet these standards, additional documentation will be required (PARs, Semi-Annual Certifications or equivalent)

*LEA's whose time accounting system meets OMB A-87 requirements may continue to utilize the same time accounting system*



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# Substitute Systems

LEAs may utilize approved substitute systems

- Substitute System Based on Sampling System
  - All multi-funded employees must participate beginning with July PARs
  - November and March PARs are used to:
    - Support effort and labor costs
    - Compare and make adjustments to the budgeted effort distribution for August through October and December through February
    - Project salary allocations for December through February and August through October
  - PARs must be completed for sample months, 3 times a year (or 2 times a year if the deviation between the total estimated time and total actual time charged is consistently less than 10 percent)



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# Substitute Systems

- Substitute System Based on Predetermined Schedule
  - Multi-funded employees with predetermined schedules only
  - Schedules must:
    - Indicate the specific activity or cost objective that the employee works on for each segment of the employee's schedule
    - Account for the total hours for which the employee is compensated during the period reflected on the employee's schedule
    - Be certified at least semiannually and signed by the employee and by a supervisory official having firsthand knowledge of the work performed by the employee
  - Significant deviations ( $\pm 5\%$ ) must be accounted for with a PAR
  - LEAs should develop written policies and procedures and provide employee training on the substitute system process



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# Documentation for Timekeeping Requirements

- Payroll Register
- General Ledger
- Position Control Report
- Time Accounting Policies and Procedures
- Time Accounting Documents
- Duty Statements/Job Descriptions
- Work Schedules



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# Frequent FM 01 Findings

- Employees utilize budget estimates or other pre-determined percentages
- Time Accounting Documents do not reconcile to actual salary charged on the general ledger/payroll register



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# III-FM 02 Allowable Costs

Ensure the LEA charges costs to the program that are reasonable, necessary, and allowable in accordance with applicable statutes, regulations, and program requirements.

*Title 2 C.F.R. Part 200.400-475*



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# Cost Principles: Basic Guidelines

To be allowable under federal awards, all costs must:

- Be necessary and reasonable
- Conform to any 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 or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period
- Be adequately documented

*Title 2, CFR, Part 200.403*



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# Cost Principles: Basic Guidelines

- Necessary costs include documentation in the plan to show that no other funds are available and this purchase is needed to improve core instruction for the targeted program.
- Reasonable Costs are of a type generally recognized as ordinary and necessary for the operation of the non-Federal entity or the proper and efficient performance of the Federal award.
- Allocable to federal awards in accordance with relative benefits received.



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# Unallowable Costs

Examples of costs that are not typically allowable:

- Food
- Entertainment, amusement, social activities
- Fines or Penalties
- Goods or services for personal use
- Advertising promotional items
- Employee morale costs



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# Documents for Allowable Costs

- General Ledger
- Chart of Accounts
- School Plan for Student Achievement (SPSA)
- Invoices and documentation supporting expenditures



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# Frequent FM 02 Finding: Food

There is a ***very high*** burden of proof to show that **paying for food and beverages with federal funds** is necessary to meet the goals and objectives of a federal grant. Determinations will be made on a case-by-case basis, but allowing such costs will be **rare** (*Attachment B*).

- Agendas should be structured to allow participants to purchase their own food, beverages, and snacks
- Plan meetings in locations where participants can buy or bring food



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# Frequent FM 02 Finding: Food

- Specific Federal awards allow light refreshment costs to promote parent involvement. These charges must be properly documented and must be a reasonable expense that shows dissemination of technical information benefitting the specific program.
- Meetings required by state law, that include parent participation, should not have food and beverage charges for parent involvement, because attendance is required (ELAC/DELAC).



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# III-FM 03

## Supplement, Not Supplant

Federal funds must be used to supplement, not supplant existing state and local fiscal efforts.

Schools which receive the funds shall have base expenditures comparable to nonparticipating schools.



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# III-FM 03

## Supplement, Not Supplant

Ensure the LEA uses categorical funds only to supplement, and not supplant state and local funds for the following programs:

- **(a) Title I, Part A** (20 U.S.C. § 6321[b]) – Resource Code 3010
- **(b) Title I, Part C** (20 U.S.C. §§ 6321[b] and 6394[c][2])  
– Resource Code 3060 and 3061
- **(c) Title II, Part A** (20 U.S.C. § 6321) – Resource Code 4035
- **(d) Title III** (20 U.S.C. § 6825[g]; 5 CCR 4320[a]; EC §§ 52168[b] and [c]; 54025[c])  
– Resource Code 4203
- **(e) Title IV** (EC § 8483.5[e]; 20 U.S.C. § 7174[b][2][G])  
– Resource Code 4124



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# Tests for Supplanting

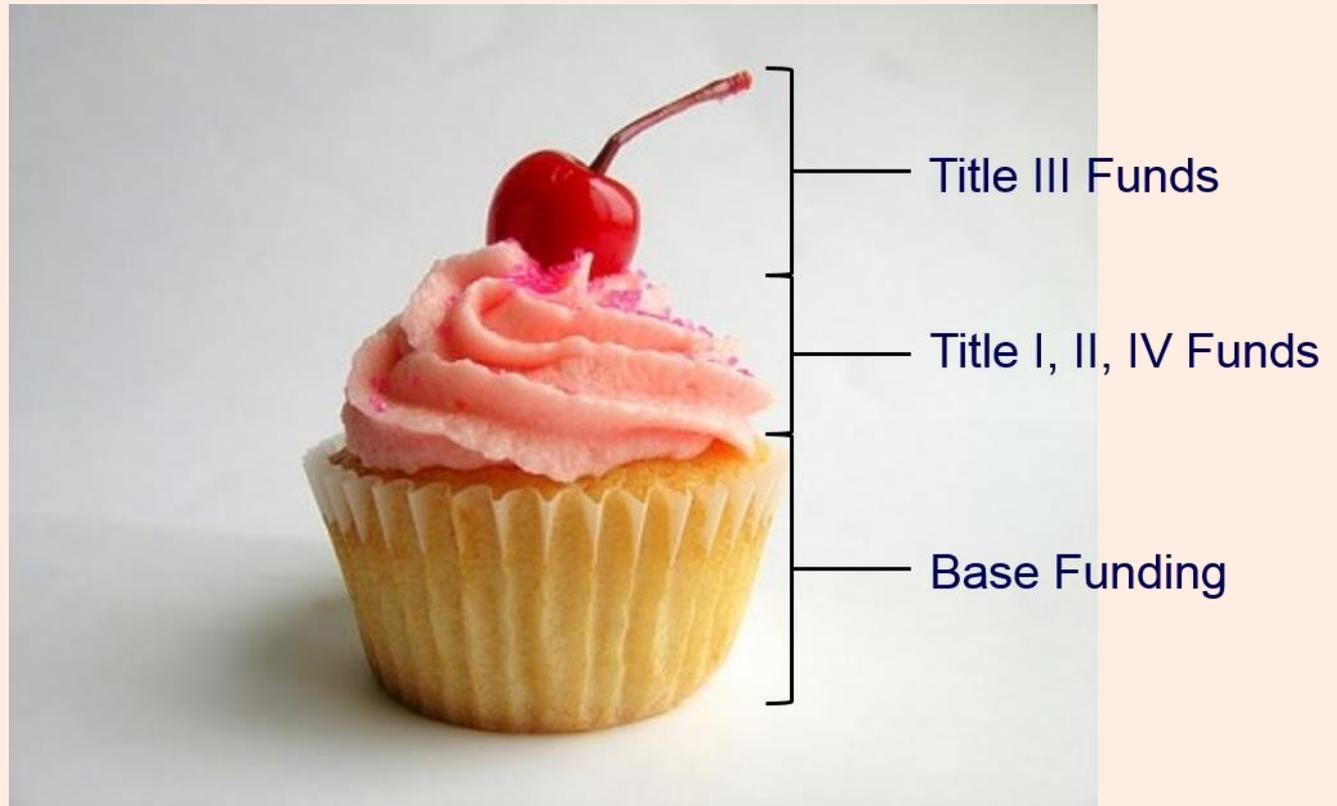
There are three tests generally used to determine if supplanting exists:

1. Are federal funds being used to provide services that the LEA was required to make available under other federal, state, or local laws?
2. Are federal funds being used to provide services that the LEA provided with non-federal funds in prior year(s)?
3. Are federal funds being used to provide services for participating students when the same service is being provided with state or local funds for non-participating students?



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# Tests for Supplanting





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# Ways to Justify Supplemental Costs

What Documentation is Needed:

- Fiscal or programmatic documentation to confirm that in the absence of federal funds, the LEA would have eliminated staff or other services
- Budget histories and documentation to show the actual reduction in state or local funds
- Documentation supporting that the decision to eliminate services or position(s) was made without regard to availability of federal funds (including the reason the decision was made)
- Detailed School wide Plan documenting needs assessment and budget/expenditure plan



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# Title I School wide Programs

## SWP Requirement Basics:

- Conduct a comprehensive needs assessment
- Create a comprehensive plan
- Annual Evaluation
- Use Title I funds to supplement total funds
  - Meet intents and purposes of programs
  - Address educational needs



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# Title I School wide Programs

SWP Plans must ...

Identify the specific federal, state, and local programs and the amounts being consolidated\*

Identify any consolidations:

- Consolidate federal, state, and local funds
- Consolidate only federal funds
- No consolidation of funds

**\*Note:** In accordance with Education Code & the California School Accounting Manual (CSAM), funds are required to be separately accounted for in the Standardized Account Code Structure (SACS)



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# Supplement, Not Supplant: School wide programs

- Schools must receive all the state and local funds it would otherwise need to operate in the absence of federal funds
  - Funding must be used for educational purposes and cannot be used for operational expenses such as: building maintenance and repair, landscaping, and custodial supplies or services

*ESEA 1114 (a)(2)(B)*



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# Documentation for Supplement, Not Supplant

- General Ledger
- Position Control Report
- SPSA
- School wide Plan
- Invoices
- Time Accounting Documents
- Budgetary Documents



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# Frequent FM 03 Findings

- The LEA charged Title III program for California English Language Development Test
- The LEA charged federal programs for expenditures related to state required activities, ie: ELAC, DELAC, School Site Council



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# Is this supplanting?

An LEA pays for a reading specialist in a Title I school in the previous year from State and local resources, but decides to use Title I funds to pay for that teaching position in the current year.

Yes

or

No



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# Is this supplanting?

The State requires only half-day kindergarten. A district uses Title I funds to pay for an extended-day kindergarten program for Title I schools and then uses State or local funds to pay for a full-day kindergarten program in non-Title I schools.

Yes

or

No



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# III-FM 04 Cash Management

Verify that the LEA is properly calculating, reporting, and remitting interest earned on unspent federal advances.

*Title 2 C.F.R. Part 200.302-305*



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# Calculating Interest Earned

- Cash balances of federal reimbursement programs should be omitted
- [www.cde.ca.gov/fg/ac/co/reimbursableprograms.asp](http://www.cde.ca.gov/fg/ac/co/reimbursableprograms.asp)
- Only include Federal Education funds – not United States Department of Agriculture or Health and Human Services funding
- If state and federal funding is comingled, and cannot be separately identified, calculate interest on total balance

*Title 2 C.F.R. Part 200.302*



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# Calculating Interest Earned

DATE	Resource 1	Resource 2	Resource 3	Resource 4	Resource 5	Resource 6	Resource 7	Total Daily Balances
7/1/2014	70,000	(50,000)	(250,000,000)	(325,000)	3,000,000	2,500	(750,000)	\$0.00
7/2/2014	70,000	(50,000)	(250,000,000)	(325,000)	3,000,000	2,500	(750,000)	\$0.00
7/3/2014	70,000	(50,000)	(250,000,000)	(325,000)	3,000,000	2,500	(750,000)	\$0.00
7/4/2014	70,000	(50,000)	(250,000,000)	(325,000)	3,000,000	2,500	(750,000)	\$0.00
7/5/2014	70,000	(50,000)	(250,000,000)	(325,000)	3,000,000	2,500	(750,000)	\$0.00
7/6/2014	70,000	(50,000)	(250,000,000)	(325,000)	3,000,000	2,500	(750,000)	\$0.00
7/7/2014	70,000	(50,000)	(250,000,000)	(325,000)	3,000,000	2,500	(750,000)	\$0.00
7/8/2014	70,000	(50,000)	(250,000,000)	(325,000)	3,000,000	2,500	(750,000)	\$0.00
7/9/2014	70,000	(50,000)	(250,000,000)	(325,000)	3,000,000	2,500	(750,000)	\$0.00
7/10/2014	70,000	(50,000)	(250,000,000)	(325,000)	3,000,000	2,500	(750,000)	\$0.00
7/11/2014	70,000	(50,000)	(250,000,000)	(325,000)	3,000,000	2,500	(750,000)	\$0.00
7/12/2014	70,000	(50,000)	(250,000,000)	(325,000)	3,000,000	2,500	(750,000)	\$0.00
7/13/2014	70,000	(50,000)	(250,000,000)	(325,000)	3,000,000	2,500	(750,000)	\$0.00
7/14/2014	70,000	(50,000)	(250,000,000)	(325,000)	3,000,000	2,500	(750,000)	\$0.00
7/15/2014	70,000	(50,000)	(250,000,000)	(325,000)	3,000,000	2,500	(750,000)	\$0.00
7/16/2014	70,000	(50,000)	(250,000,000)	(325,000)	3,000,000	2,500	(750,000)	\$0.00
7/17/2014	70,000	(50,000)	(250,000,000)	(325,000)	3,000,000	2,500	(750,000)	\$0.00
7/18/2014	70,000	(50,000)	49,000	(325,000)	3,000,000	2,500	(750,000)	\$ 1,996,500.00
7/19/2014	70,000	(50,000)	49,000	(325,000)	3,000,000	2,500	(750,000)	\$ 1,996,500.00
7/20/2014	70,000	(50,000)	49,000	(325,000)	3,000,000	2,500	(750,000)	\$ 1,996,500.00
7/21/2014	70,000	(50,000)	49,000	(325,000)	3,000,000	2,500	(750,000)	\$ 1,996,500.00
7/22/2014	70,000	(50,000)	49,000	17,000	3,000,000	2,500	(750,000)	\$ 2,338,500.00
7/23/2014	70,000	(50,000)	49,000	17,000	3,000,000	2,500	(750,000)	\$ 2,338,500.00
7/24/2014	70,000	(50,000)	49,000	17,000	3,000,000	2,500	(750,000)	\$ 2,338,500.00
7/25/2014	70,000	(50,000)	49,000	17,000	3,000,000	2,500	(750,000)	\$ 2,338,500.00
7/26/2014	70,000	(50,000)	49,000	17,000	3,000,000	2,500	(750,000)	\$ 2,338,500.00
7/27/2014	70,000	(50,000)	49,000	17,000	3,000,000	2,500	(750,000)	\$ 2,338,500.00
7/28/2014	70,000	(50,000)	49,000	17,000	3,000,000	2,500	(750,000)	\$ 2,338,500.00
7/29/2014	70,000	(50,000)	49,000	17,000	3,000,000	2,500	(750,000)	\$ 2,338,500.00
7/30/2014	70,000	(50,000)	49,000	17,000	3,000,000	2,500	(750,000)	\$ 2,338,500.00
7/31/2014	70,000	(50,000)	49,000	17,000	3,000,000	2,500	(750,000)	\$ 2,338,500.00
								\$ 31,371,000.00
								31
								\$ 1,011,967.74
								1.5143%
								\$ 15,324.23
								365
								\$ 41.98
								31
								\$ 1,301.51

Negative Total Daily Balances should be zeroed.

- Interest calculation methodologies should be based on actual interest earnings on federal funds
- LEAs should calculate interest based on an average daily balance
- LEAs are prohibited from reducing or offsetting federal interest earnings for the temporary use of non-federal cash resources for federal programs (netting)
- LEAs are allowed to keep interest amounts up to \$500 annually for administrative purposes; the \$500 is in total for all federal programs, not for each federal program

Amount earned on on All Federal Programs



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# Reporting Interest Earned

- LEAs should **calculate**, at least, on a **quarterly** basis
- LEAs must report and remit, at least, on a yearly basis (can report and remit more often)
- If there is no interest to remit, LEA must notify in writing (via e-mail or letter) the CDE's Cash Management Analyst stating no interest is due and specify the reporting period
- When remitting federal interest to the CDE, LEAs should include their County-District-School code and specify the time period(s) of interest earning
- Maintain supporting calculations



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# Remitting Interest Earned

Interest on federal cash balances should be sent to the CDE at the following address:

**California Department of Education  
P.O. Box 515006  
Sacramento, CA 95851  
Attention: Cashier's Office**



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# Documents for Cash Management

- Daily or Monthly Federal Interest Calculation Worksheets
- County Treasurer Interest Rate Letter
- Remittance Documents
- General Ledger



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# Frequent FM 04 Findings

- The LEA included federal reimbursement funds in their federal interest earned calculations
- The LEA included negative combined daily balances in their federal interest earned calculations (netting)



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# III-FM 05 Funding

Ensure that the LEA allocates federal categorical funds to school sites in accordance with the approved allocation formulas contained in the Consolidated Application. The school site council must annually review, update and approve the School Plans for Student Achievement, including the proposed expenditures; and the local governing board must review and approve the school plans annually or whenever there are material changes to the plan.

*ESEA Section 1113 [c]*



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# Documents for Funding

- General Ledger
- SPSA
- LEA Plan
- Allocation Notifications (letters, memos, emails, meeting minutes)



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# Funding: Title I Program Resource Code 3010

Each **SPSA** should:

- Accurately reflect the allocation of Title I funds through the Consolidated Application
- Include the proposed expenditure of all Title I funds allocated to the school site
- Identify any funds that have been consolidated in a School wide program
- Be reviewed and approved by the school site council and governing board, at least annually



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# Funding: Title I Program Resource Code 3010

The **LEA Plan** should:

- Accurately reflect the Title I allocation in the Consolidated Application (Con App)
- Clearly indicate specific budgeted expenditures as well as the program benefit for each expense
- Clearly show school allotments and methodology
- Be reviewed and approved by the governing board



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# Frequent FM 05 Findings

- The LEA's Title I allocation in the SPSA differed significantly from the Consolidated Application and general ledger
- The SPSA's are not regularly evaluated, updated, and approved.



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# III-FM 06 Reporting

Ensure that the LEA complied with all of the accountability and reporting requirements for the Title IV, 21<sup>st</sup> Century Program.



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# Reporting: 21<sup>st</sup> Century Program Resource Code 4124

- The reviewer will verify the fiscal information that the LEA has reported to CDE
- If the LEA does not receive any 21<sup>st</sup> Century Program funds, then please indicate through a comment in CMT so the reviewer can verify the item will not be monitored and no documentation will be necessary



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# Best Practices for a Successful Review

- Upload and certify documentation in a timely manner
- Provide ample time for review and follow-up of documents
- Communicate often with your reviewer, via CMT, phone, or email



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# Audits and Investigations Division Fiscal Monitoring Unit Staff Mainline 916-322-2288

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# Any Questions?





# Attachment B



UNITED STATES DEPARTMENT OF EDUCATION  
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION

FEB 20 2014

Ms. Pat Kaiser  
Director, Federal Financial Management  
Missouri Department of Elementary and Secondary Education  
P. O. Box 480  
Jefferson City, MO 65102

Dear Ms. Kaiser:

As you know, in May 2013, the U.S Department of Education (ED) issued *Frequently Asked Questions to Assist U.S. Department of Education Grantees to Appropriately Use Federal Funds for Conferences and Meetings* (FAQs) [available at: <http://www2.ed.gov/policy/fund/guid/gposbul/gposbul.html>]. Those FAQs include a number of questions regarding using Federal grant funds to pay for food. As a general rule, the FAQs state:

Generally, there is a very high burden of proof to show that paying for food and beverages with Federal funds is necessary to meet the goals and objectives of a Federal grant. When a grantee is hosting a meeting, the grantee should structure the agenda for the meeting so that there is time for participants to purchase their own food, beverages, and snacks. In addition, when planning a meeting, grantees may want to consider a location in which participants have easy access to food and beverages.

While these determinations will be made on a case-by-case basis, and there may be some circumstances where the cost would be permissible, it is likely that those circumstances will be rare. Grantees, therefore, will have to make a compelling case that the unique circumstances they have identified would justify these costs as reasonable and necessary.

Since the FAQs were issued, you posed a number of scenarios regarding whether the “unique circumstances” referenced in this FAQ would include using Federal funds to provide meals during a “working lunch.” Some of those scenarios involve the use of Title I, Part A funds; others involve the use of funds from other Federal education programs. Because my responsibilities include Title I, Part A, I am responding with guidelines that address the use of Title I, Part A funds only. However, I believe the guidelines discussed below will be helpful to you in also evaluating the use of other Federal education funds.

Providing meals during a “working lunch” may be an allowable use of Title I, Part A funds if, in order to carry out a conference or meeting agenda within the time available, it is necessary to work through lunch. As noted above, however, a State educational agency (SEA) or local

400 MARYLAND AVE., SW, WASHINGTON, DC 20202  
<http://www.ed.gov/>

*The Department of Education's mission is to promote student achievement and preparation for global competitiveness by fostering educational excellence and ensuring equal access.*

# Attachment B

educational agency (LEA) must make a compelling case for this cost. As an initial matter, an SEA or LEA should determine whether a face-to-face meeting or conference is the most cost-effective way to conduct business or whether video conferencing or other technological approaches would suffice. Assuming a face-to-face meeting or conference is necessary, the SEA or LEA should determine if it is possible to accomplish the agenda of the meeting or the conference without working through lunch, because Federal grant funds may not be used to pay for a “working lunch” that is not necessary.

To evaluate the appropriateness of using Title I, Part A funds for a working lunch, an SEA or LEA should consider the following guidelines:

1. *Is a working lunch necessary?* An SEA or LEA using Title I, Part A funds to host a conference or meeting should, before deciding that a working lunch is necessary, plan the agenda and, consistent with these guidelines, determine that there are no alternatives to working through lunch in order to accomplish all the key business of the conference or meeting. For that reason, it is not appropriate to decide — prior to planning the agenda — that a working lunch is desired or needed and then construct an agenda in order to justify that decision.
2. *Is the portion of the agenda to be carried out during lunch substantive and integral to the overall purpose of the conference or meeting?* Attendance during a working lunch must be necessary to ensure attendees’ full participation in substantive discussions, lectures, or speeches that are integral to the purpose of the meeting or conference. Inspirational talks, testimonials, entertainment, award ceremonies, and informal discussions among attendees or networking, in most instances, would not be an appropriate agenda item for a working lunch. If a working lunch is not justifiable, an SEA or LEA might offer attendees the opportunity to purchase a lunch that the SEA or LEA delivers to the conference or meeting site. Alternatively, the SEA or LEA might deduct the cost of lunch from any per diem paid to attendees. These options could suffice, for example, if there are not opportunities near the meeting site to purchase lunch or if disabilities prevent individuals from easily going off site to procure lunch.
3. *Is there a genuine time constraint that requires the working lunch?* If a conference or meeting agenda could, without unduly disrupting attendee schedules or making the day unreasonably long, e.g., starting an hour earlier or ending later, a working lunch might not be justified. If, however, an SEA or LEA has designed a day-long meeting in order to save lodging costs and some participants must travel a considerable distance to attend, a working lunch might be appropriate because, absent the working lunch, it would not be possible for the SEA or LEA to cover the entire agenda and still provide participants sufficient time to return home in order to avoid the additional costs of lodging.
4. *If a working lunch is necessary, is the cost of the working lunch reasonable?* A working lunch, when it is necessary, must also be reasonable in cost. Lunches that include extravagant components would not only raise appearance concerns, but also violate the requirements of the Education Department General Administrative Regulations and the cost principles that costs charged to Federal grants must be reasonable.

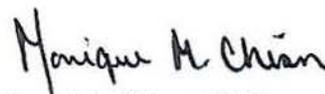
5. *Has the SEA or LEA carefully documented that a working lunch is both reasonable and necessary?* An SEA or LEA that is hosting a conference or meeting and determines that a working lunch is reasonable and necessary should carefully document its justification for using Title I, Part A funds for this purpose, including any cost savings that result from working through lunch. In the example above, avoiding lodging costs would likely result in considerable cost savings compared to paying for meals during a working lunch.

Please note that, aside from a working lunch that meets these guidelines, it is unlikely that other food and beverage costs for a conference or meeting — for example, breakfast, dinner, snacks, or networking receptions — would be reasonable and necessary and, therefore, an allowable cost under Title I, Part A. Moreover, please remember that entertainment costs, including costs for amusement, diversion, and social activities, are never allowable.

In providing this guidance, I want to make clear that it does not preclude an SEA or LEA from paying the travel expenses of those attending a conference or meeting that is necessary to carry out its Title I program, which could include a per diem for food. For example, an SEA may pay the travel and per diem costs for members of its Committee of Practitioners to attend regularly scheduled meetings of the Committee. Similarly, if an SEA or LEA is hosting a meeting and needs certain people to attend to effectively conduct grant business, such as a parent or teacher advisory meeting, the SEA or LEA may pay travel and per diem costs if they are reasonable and necessary and consistent with the SEA's or LEA's policies and procedures on travel and per diem. And, if an SEA or LEA provides a working lunch to conference or meeting attendees, the per diem of the attendees paid for with Title I, Part A funds should be reduced to reflect the fact that the attendee did not have to pay for lunch.

If you have questions about this letter, please contact Todd Stephenson of my staff at: (202) 205-1645.

Sincerely,



Monique M. Chism, Ph.D.  
Director  
Student Achievement and  
School Accountability Programs

cc. Ms. Margie Vandeven

# Attachment C

## III FM 04: Cash Management FAQ's

**We are scheduled for a FPM review. Do I need to provide federal interest calculations for only the programs being reviewed?**

Answer: No, LEAs should provide federal interest calculations for all federal education programs.

**Do I need to modify my federal interest calculation formula when the fiscal year falls on a leap year?**

Answer: Yes, LEAs should adjust their interest formula to properly account for the correct number of days in the year and quarter.

**What months does each quarter of the state fiscal year cover?**

Answer: 1<sup>st</sup> Quarter: July 1<sup>st</sup> – September 30<sup>th</sup>

2<sup>nd</sup> Quarter: October 1<sup>st</sup> – December 31<sup>st</sup>

3<sup>rd</sup> Quarter: January 1<sup>st</sup> – March 31<sup>st</sup>

4<sup>th</sup> Quarter: April 1<sup>st</sup> – June 30<sup>th</sup>

**What interest rate should I use?**

Answer: Interest calculations should be based on actual interest rates applied to federal cash held in the grantee's bank or County Treasury.