

GAINS 2015

GaDOE

May 7, 2015

Amy Rowell – Financial Review

Gerald Schaefer – Internal Audits

AGENDA



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- Amended FY 2015 Budget
- Initial FY 2016 Budget
- 2015 Legislation
- Education Funding Commission
- Indirect Costs
- Affordable Care Act
- Bus Replacement Funds
- Race to the Top Funds

AGENDA

- CPI Reporting
- Financial Statements
- GASB 68
- Austerity
- Flexibility
- Regional Meetings
- New Federal Regulations



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FY 2015 Mid-Term Adjustments

AFY 2015



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- Funded enrollment growth - \$128,541,271
- Funded Hold Harmless - \$14,820,337
- Initial FTE – 1,699,543
- Mid-Term FTE – 1,723,664
- Charter System Supplement
- State Commission Charters
- Transportation Allotment – added additional distribution \$1,414,899

AFY 2015



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- No Adjustments for:
 - Health Insurance – Certified Employees
 - Training and Experience
 - Reduced FTEs

FY 2016 QBE and Other State Grants

Initial FY 2016 QBE



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- Funded enrollment growth - \$119,160,708
- Funded increase in Training and Experience - \$33,269,839
- TRS increase 13.15% to 14.27% - \$74,444,407
- Initial FTE – 1,723,664
- Reduced Austerity \$280,000,000 – 5.89%
- Charter System Supplement - \$3,037,740
 - Adjusted for Increased FTEs
 - Added new Charter Systems – Gilmer, Glascock, Hart, Lumpkin, Stephens, Union, Carrollton City, Commerce City, and Vidalia City

Initial FY 2016 QBE



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- State Commission Charter Schools - \$9,035,267
- Math and Science Supplement - \$1,235,053
- Certified Health Insurance - \$14,435,820
- Local 5 mill Share - \$9,367,899
- Health Insurance funded at \$945 pmpm for certified employees - \$14,435,820
- Special Education Counselors are not funded in FY 16 – will continue to see note on QBE allotment sheet.

Initial FY 2016 QBE



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- Move on When Ready
 - House recommended moving the funding for Move on When Ready to the new funding mechanisms recommended by the Dual Enrollment Task Force. Funding will be maintained through the Accel program.
 - No more reducing the FTEs in the QBE allotment.
- Residential Treatment Centers were Trued-Up
 - QBE Allotment sheets do not consider Austerity
 - Reduce before sending payment

Initial FY 2016 QBE – Categorical Grants



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- School Nurses - \$631,357
- Sparsity – Hold Harmless from FY 15 not applied – (\$413,201)
- Equalization - \$18,840,831 (Plus \$8,299,466 carry-over from FY 15 Appropriations Budget)
- Capital Outlay General Obligation Bonds - \$13,900,000 (\$350,000 for Low Wealth)
- FY 15 - \$20M for 259 Buses – No Change

FY 2016 Other Categorical Grants



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- Math & Science Supplement
 - Funded for those teachers reported as eligible on the October 2014 report (CPI 2015 – 1) report. Program was only funded to pay teachers that were eligible up to Step 4 (Year 6). If they attained that level, they were no longer eligible. Also funded those K – 5 teachers that were eligible and REPORTED CORRECTLY for the Stipend
 - Only fringes will be TRS (14.27%) and Medicare (1.45%)
 - Hope to provide funding early in FY2016
- NOTE: Districts were not and are not to move these teachers up on the salary schedule based on this bill

Equalization – 2016



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- Fully Funded for FY2016
 - Formula Calculated a total amount of \$506,525,394
 - Increase in funding of \$27,140,295 (5.6% increase)
- The Equalization Benchmark (statewide system average of wealth) for the state decreased from \$137,680 per FTE in FY 2015 to \$135,047 per FTE in FY 2016.
- If District's digest per weighted FTE did not decline at the same rate then the Equalization funding would have declined.

Equalization – 2016



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- 65 districts decreased equalization funding
- 60 districts had no change (i.e., no funding in either year)
- 55 districts increased equalization funding
- Above the benchmark, did not receive funding
- Below the benchmark, received funding

Austerity 2016

- FY 2015 - \$746,769,852
- FY 2016 - \$466,769,851
- Decreased - \$280,000,000
- Adjusted to 5.89% of QBE Earnings (less local 5 mills) for each district
- Survey Requested
- Budgetary impact reported on survey should equal the increase in funding, due to Austerity reduction



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State Health Benefit Plan



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- Employer Contributions
 - Certified Employees - \$945 PMPM
 - Non-certified Employees - \$746.20 PMPM
 - Increase from \$596.20 PMPM
- OCGA Code Section 20-2-892
 - The State Board of Education, upon notification of the DCH Commissioner, can withhold appropriations for unpaid employer health insurance contributions.

Allotment Sheets



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- AFY15 Allotment Sheets were posted on March 9th, 2015
- AFY15 Site Level Allotment Sheets were posted on April 7th, 2015
- FY16 Allotments Sheets are scheduled to be posted soon after the Governor signs HB76. The amounts will not have changed since the last FY16 Unofficial QBE Summary sent to districts on March 31st, 2015.

Legislation

Equalization Requirement



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O.C.G.A. §20-2-165 –

Qualified local school system for equalization purposes includes those districts that have an effective millage rate greater than the millage rate applied to calculate the local five mill share pursuant to Code Section 20-2-164.

FY 2016 – 12 mills

FY 2017 – 12.5 mills

FY 2018 – 13 mills

FY 2019 – 13.5 mills

FY 2020 – 14 mills

HB 170 – Transportation Bill



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- 4.6.2015 –Sent to Governor for Signature
- **The following applies to all school districts with an eSPLOST:**
- On or after July 1, 2015, such sales and use tax levied on sales of motor fuels as defined in Code Section 48-9-2 shall be at the rate of 1 percent of the retail sales price of the motor fuel which is not more than \$3.00 per gallon.

HB 170 – Transportation Bill



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- Section 3-3 amends §40-2-151.1 to include, “certain heavy vehicles registered in Georgia shall pay a **highway impact fee.**”
- (1) 15,500 lbs up to 26,000 lbs \$50.00
- (2) Greater than 26,001 lbs \$100.00

HB 83 – DID NOT PASS



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- **§48-9-3(b)(11)** – No tax is imposed by this article upon or with respect to the following sales by duly licensed distributors....For the period of time beginning July 1, 2013, and ending June 30, 2015, sales of motor fuel to public school systems in this state for the exclusive use of the school system in operating school buses when the motor fuel is purchased and paid by the school system.

SB 132 – Move on When Ready Act



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- 4.30.15 – Signed by Governor
- Moves all Dual Enrollment programs into one Act.
- Funding provided to the commission for the program shall be subject to annual appropriations enacted by the General Assembly beginning in Fiscal Year 2016.
- No more amending QBE for MOWR students.

HB 62 –



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- 4.29.15 – Signed by Governor
- Amends the SB 10 enrollment requirements as set forth in §20-2-2114
- Waives previous one-year residence requirement for student's of active duty military service members stationed in Georgia.

HB 502 – Charter School and Charter System Reporting



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- 4.14.15 – Sent to Governor
- Section 41 Amended §20-2-2067.1 to require due date for annual reporting to GaDOE for charter schools and charter systems to be set at November 1st.
- §20-2-2067.1(c)(3) – Unaudited financial statements for the fiscal year ending June 30
- DE46 Due Date still September 30th

HB 192 - PCards



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- 4.9.15 – Sent to Governor
- Amends Chapter 9 of Title 16
- §16-9-30 – explicitly includes school systems
- §16-9-37 – “Any person who has been issued or entrusted with a financial transaction card by a government for specifically limited and specifically authorized purposes, provided such limitations are in writing, and who uses the financial transaction card in a manner and for purposes not authorized shall be punished...”

HB 192 - PCards



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- Amends Chapter 80 of Title 36
- §36-80-24
- Elected official of local school system is prohibited from the use of a government purchasing or credit card unless:
 - Purchases are solely for items or services directly related for public duties
 - Purchases are in accordance with guidelines adopted by the local school system.
- Documents related to such purchases by elected officials shall be available for public inspection

HB 192 - PCards



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- Amends Chapter 80 of Title 36
- §36-80-24
- No school system shall issue government purchasing or credit cards to elected officials on or after January 1, 2016 until the governing authority of the local school system, by public vote, has authorized such issuance and has promulgated specific policies regarding the use of such cards for elected officials.

HB 192 - PCards



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- Amends Chapter 80 of Title 36
- §36-80-24 - Policy shall include the following:
 1. Designation of officials authorized to be issued card
 2. Requirement authorized users sign and accept agreement for use of card
 3. Transaction limit
 4. Description of what purchases will be authorized
 5. Description of what purchases will **not** be authorized
 6. Designation of the purchasing or credit card administrator
 7. Process for auditing and reviewing purchases
 8. Procedures for addressing violations

SB 89 – Digital Classroom Act



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- 4.8.15 – Sent to Governor
- 20-2-1015 – Local boards of education are strongly encouraged on and after July 1, 2020 to:
 - Purchase all instructional materials and content in digital or electronic format;
 - Provide a laptop, tablet, or otherwise wireless electronic device to each of its students in grades 3 or higher, or allow students to provide their own for use as the principal source of reading or accessing instructional materials and content.

HB 65 – Did not pass



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- Budget Requirements
- 2 public meetings for the purpose of providing an opportunity for public input on its proposed annual operating budget before adopting any budget.
- Summary of the proposed and adopted annual operating budget shall be posted on district's website.
- Upon request, each governing body shall provide to any person an electronic copy of the line item detailed adopted annual operating budget in a format suitable for analysis at no cost **within 3 days of such request.**

HB 659 – Look for in 2016



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To amend Article 2 of Chapter 14 of Title 20... so as to provide transparency of financial information of local school systems and schools, to the greatest extent practicable.....to provide for accessibility to certain financial data of a local board of education; to provide for school level budget and expenditure data; to require local school systems and schools to provide certain information on their websites....

HB 659 – Look for in 2016



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Provide for no later than January 1, 2016, the State Board of Education shall develop rules and regulations requiring that each local board of education provide information as specified....**including school site budget and expenditure information.**

Education Reform Commission

<http://gov.Georgia.gov/education-reform-commission>

Funding Reform



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Education Reform Commission

Thank you for your interest in Georgia's Education Reform Commission. I created this commission to provide recommendations intended to improve our educational system, increase access to early learning programs, recruit and retain high-quality instructors and expand school options for Georgia's families. My vision for K-12 education in Georgia is a system driven by student need that provides local school and district leaders with real control and flexibility. With this commission, it is my hope that we will work together to make education more accessible and effective in preparing our state's students for the rigors of college and the workforce.

-Governor Deal

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Indirect Costs

Indirect Cost Rates for FY 2016



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- The FY2016 Indirect Cost rates have been finalized and are available in the Financial Review application in the portal.

Indirect Reports:

- [Fin Indirect Reports Menu \(2013\)](#)
- [Fin Indirect Reports Menu \(2014\)](#)
- [Fin Indirect Reports Menu \(2015\)](#)
- [Fin Indirect Reports Menu \(2016\)](#)

Indirect Costs



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- Rates for FY 2016 are available in portal
- Indirect Cost Plan was approved through June 30, 2019
- Rates calculated based on FY 2014 financial data submitted

Affordable Care Act

ACA



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- What can GaDOE provide?
 - PC Genesis
 - Direct you to information available
- What CAN'T GaDOE provide?
 - Legal guidance regarding compliance with the Affordable Care Act

ACA



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- Now you know, what now?
 - Start compiling your coverage information by month.
 - Consult with your attorney to ensure your lookback measurement period, administrative period, and stability period are legally adequate.
 - Report for all covered months will be available in December from ADP.
 - Do you have the staff to complete this task?

Bus Replacement Funds

Bus Replacement Funds



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- FY 2014 – 41 districts reported a balance in Account 0755 at June 30th.
- FY 2013 Audits – 28 districts reported a balance in Fund Balance – Restricted for Bus Replacement per audit.
- Spend the money.
- If spent, clean up the general ledger.
- Maintain documentation.

Race to the Top Funds

RT3 Funds



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- 26 districts that have funds to finish up
- Pay all salaries by June 30th.
- Request reimbursement for all expenses except Merit Pay by June 30th.
- Reimbursement request for merit pay bonuses no later than August 15th.
- GaDOE has to pay out all funds no later than September 1st.

RT3 Funds



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- Teachers receiving merit bonuses may not be known as of June 30th.
- Be prepared to pay the merit bonuses in July, as soon as the teachers are known.
- If reimbursements are not requested by August 15th, you may not receive the funds.
- Directives for closeout procedures were sent in February.

CPI Reporting

Financial Statements

Financial Statements



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- Mapping Issues
- FY 2015 – Financial Statements built with new program
- Financial Statements will be updated for Deferred Outflows/Inflows
- The financial statements are a “one-size fits all” model

GASB 68

GASB 68



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- GASB 68
 - *Accounting and Financial Reporting for Pensions*
 - Objective to improve financial reporting of pensions by state and local governments (employers)
 - Expands information to be reported, including recording the employer's proportionate share of the plan's Net Pension Liability on the financial statements.
- Effective Date
 - Periods beginning after June 15, 2014 (FY 2015)

GASB 68



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- Measurement Date = June 30, 2014
- GASB 68 provides for this one year lag in paragraphs 22-32. The total pension liability must be determined using an actuarial valuation as of either: 1. the measurement date, or 2. Not more than 30 months and one day before the employer's most recent fiscal year end.

GASB 68



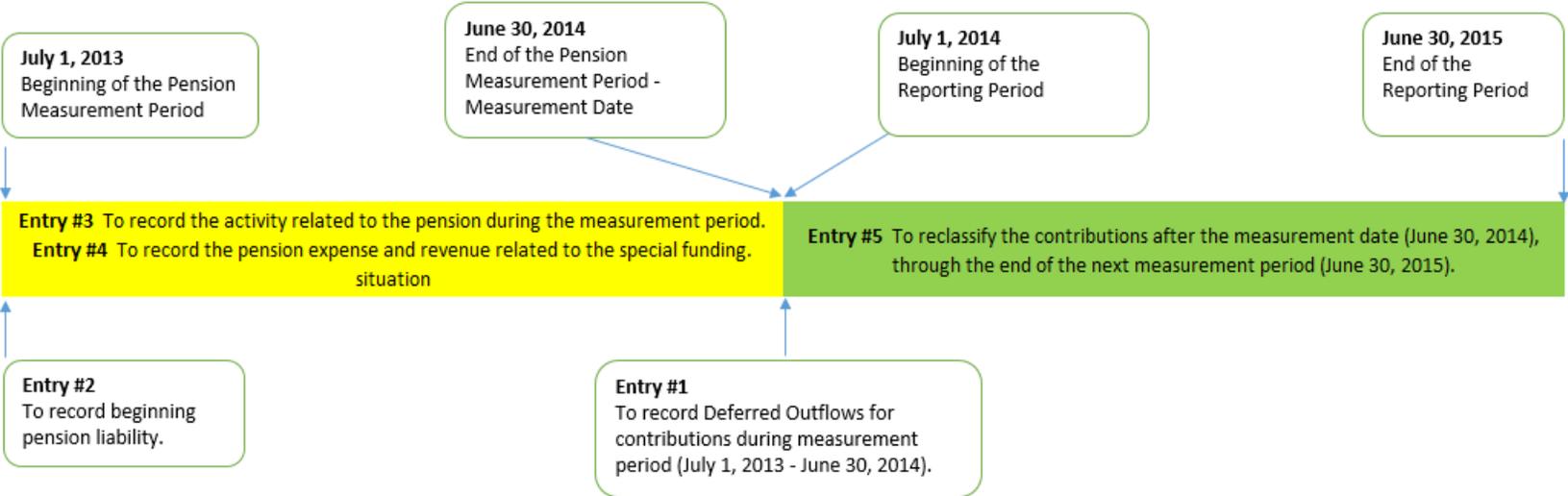
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- Measurement Date – June 30, 2014
- Measurement Period – July 1, 2013-June 30, 2014
- Pension Activity posted on the District-wide Statements for June 30, 2015 = activity during FY 2014
- Any contributions subsequent to the measurement date are considered prepayments = Deferred Outflows
- Contributions \neq Pension Expense (at District-wide level)

GASB 68



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GASB 68



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- Each district will receive a packet from ERS and TRS
- Most of the information needed for the district-wide journal entries and notes disclosures is provided by TRS and ERS
- What will districts have to provide?
 - Payments to ERS/TRS by functional expenditure category
 - Covered employee payroll total

GASB 68



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- TRS and ERS will provide the files for each district to GaDOE
- Estimated date = June
- GaDOE will email to Financial Review Coordinators

GASB 68 – TRS Entry Example



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Deferred outflows of resources – proportionate share of collective deferred outflows of resources		0	
Pension expense	(c)	1,602,136	
Deferred inflows of resources - proportionate share of collective deferred inflows of resources			(d) 7,939,404
Deferred outflows of resources - paragraph 54 and 55	(e)	180,883	
Proportionate share of collective net pension liability	(f)	8,414,718	
Deferred outflows of resources – District contributions 7/1/2013 – 6/30/2014			(a) 2,258,333
To record current year activity		<u>10,197,737</u>	<u>10,197,737</u>

GASB 68



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- Entry for the Pension Expense at the District-wide level recorded by Functional Category
- District will determine the allocation by function
- GaDOE will provide worksheets for TRS and ERS allocation by Function (based on FY 2014 expenses reported on DE46)

GASB 68



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- TRS On-Behalf Payment
- Worksheet provided just as in past – needed for Fund level revenue and expenditure recognition
- On-Behalf at District-wide – Pension Expense recognized by the pension plan, actuarially determined
- Fund Level Entry \neq District-wide Level Entry

GASB 68



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Example of On-Behalf Entries for TRS

Amount of Payments to TRS by GaDOE on-behalf of the school district:					14,000.00
(Based on worksheet provided by GaDOE - May 2014 through April 2015)					
Amount of State's Portion of Pension Expense:					
(provided by TRS in the school district's actuary packet)					
Journal Entry for Fund Level:					
Debit - Expenditures		14,000.00			
Credit - Revenues			14,000.00		
Journal Entry for District-wide Level:					
Debit - Revenues		6,000.00			
Credit - Expenses			6,000.00		

Austerity Survey

Austerity– 2016



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- State-wide Austerity for FY2015MT was \$746,769,852 for an average of 9.72%
- Austerity Reduced by \$280,000,000 in FY2016 to \$466,769,851 (5.89%)
- All Districts rebalanced to 5.89%

Austerity– 2016



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- HB 76 stated that the increase in funds (reduction of austerity) was to provide local educational authorities the flexibility to
 - eliminate teacher furlough days,
 - increase instructional days, and
 - increase teacher salaries

Austerity– 2016



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- What did you do with the increased funds due to a reduction in Austerity?
- Answer to survey should include budgetary decisions that total the amount of your Austerity reduction.
- Be prepared to answer that question!
- What if you did not see a TOTAL increase in funds?
 - Decreased Equalization
 - Decreased Enrollment
 - Decrease Training and Experience
 - Reduced staff charged to General Fund on CPI report

Flexibility

Current status of school system choices



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Total Number of Districts that have met the June 30, 2015 Deadline		
Approved Charter Systems	31	124
Approved IE2 Systems	4	
LOI for Charter System	17	
LOI for IE2	72	
Status Quo		1
Out of Compliance		0
Engaged in decision process		55
Total Number of Districts in the State		180

HB 502: Changes Regarding Flexibility



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- **ONLY ONE CHANGE: NEW NAMES**
 - "IE²" is changed to "Strategic Waivers School System"
 - "Status Quo" is changed to "Title 20/No Waivers System"
- **NOTHING ELSE CHANGED, INCLUDING THE DEADLINE**
 - No later than June 30, 2015 each local school system must notify GaDOE that it will operate as an:
 1. Investing in Educational Excellence School System (IE²), or Strategic Waivers School System
 2. Charter System
 3. Status Quo School System, or Title 20/No Waivers System

Note: The House sent HB 502 to the Governor on 4-14-15

IE²/Strategic Waivers School System Applications



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1. SBOE on 4-2-15 adopted a new IE² Rule
2. GaDOE will soon release revised:
 - IE² Guidance, including an application timeline
 - IE² Application and related materials, including templates for the new IE² contract and all contract attachments
3. There are five IE² applications in the 2015 pipeline

Charter System Applications



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1. The State Board of Education on 11-5-14 adopted a new Charter Systems Rule
2. GaDOE will soon release revised:
 - Charter System Application and related materials, including templates for the Charter contract and contract attachments
3. There are two charter system applications remaining in the 2015 pipeline

Status Quo (Title 20/No Waivers) Requirements



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1. Conduct a public hearing for the purpose of providing public notice that such local school system is electing to be a Title 20/No Waivers system and to remain subject to all state rules, regulations, policies, and procedures and the provisions of this title. The public hearing shall be advertised in a local newspaper of general circulation which shall be the same newspaper in which other legal announcements of the local board of education are advertised; and
2. Sign a statement on a form provided by the state board that such local school system is electing to be a Title 20/No Waivers system.

School System Waivers after June 30, 2015



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- The SBOE has indicated a willingness to consider waivers for school districts that have declared an intent to become an IE² System (Strategic Waivers School System) or a Charter System by the June 30, 2015 deadline but do *not yet have* an executed performance contract
- If you anticipate submitting waiver requests for FY 2016, we recommend that you:
 1. Submit your letter of intent as soon as possible, and
 2. Submit your waiver request prior to June 30, 2015

Additional Information



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Regional Workshops

Regional Workshops



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The Financial Review Section of the Georgia Department of Education (GaDOE) and the Department of Audits plan to host a series of joint regional meetings on the latest topics and issues in accounting.

Regional Workshops



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- Monday, May 18 – NW GA RESA
- Tuesday, May 19 – Houston County BOE
- Wednesday, May 20 – Coastal Plains RESA
- Thursday, May 21 – Bulloch County BOE
- Monday, June 1 – Webinar
- Tuesday, June 2 – GaDOE – Twin Towers West
- Wednesday, June 3 – Muscogee County BOE
- Friday, June 5 – NE GA RESA

PC Genesis



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New Federal Regulations

Georgia Accounting Information Network Support Inc.
G.A.I.N.S. Annual Conference

May 7-8, 2015

Agenda



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- ❖ Background
- ❖ Time and Effort Documentation
- ❖ Procurement
- ❖ Internal Controls
- ❖ Financial Management
- ❖ Cost Principles
- ❖ Payment
- ❖ Equipment

Name changes



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Circular



Circular

UGG

What should we call it?



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Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

or

UARC PARFA!!???

Nothing exactly a catchy name...

WHY?



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1. Eliminate duplication and conflicting guidance
2. Focus on performance over compliance
3. Encourage efficient use of information technology and shared services
4. Consistent and transparent treatment of costs
5. Limit allowable costs to make the best use of resources

WHY?



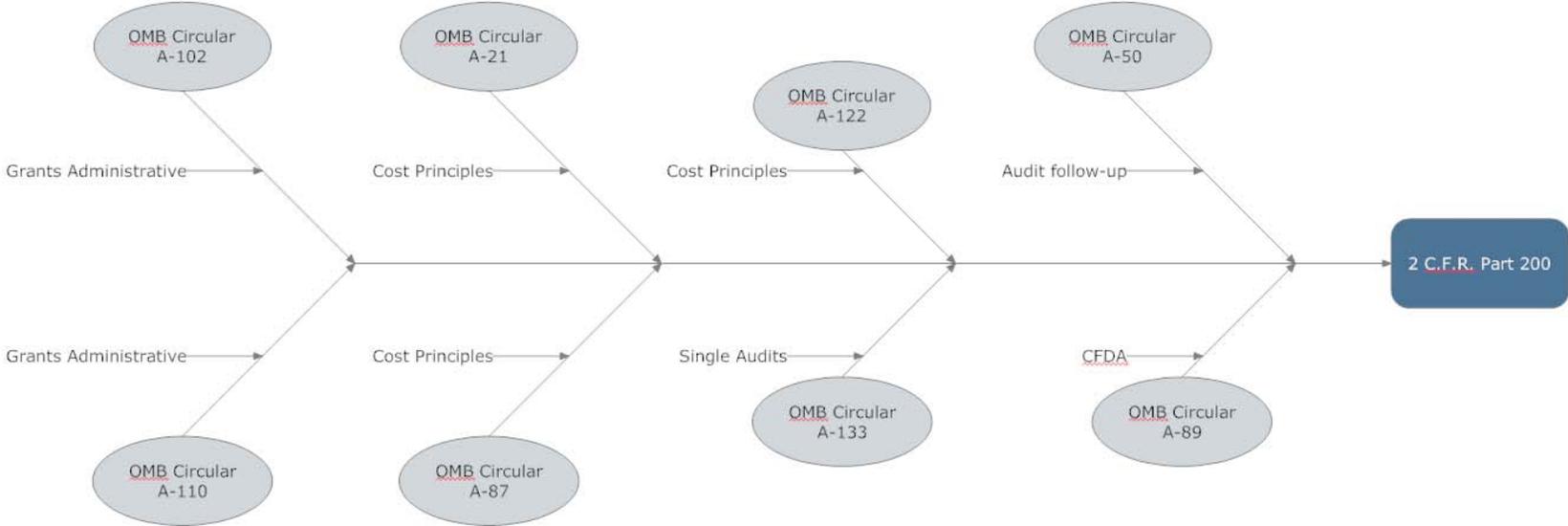
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6. Set standard business processes using data definitions
7. Encourage non-Federal entities to have family-friendly policies
8. Strengthen oversight
9. Target audit requirements on risk of waste, fraud, and abuse

Combined 8 circulars



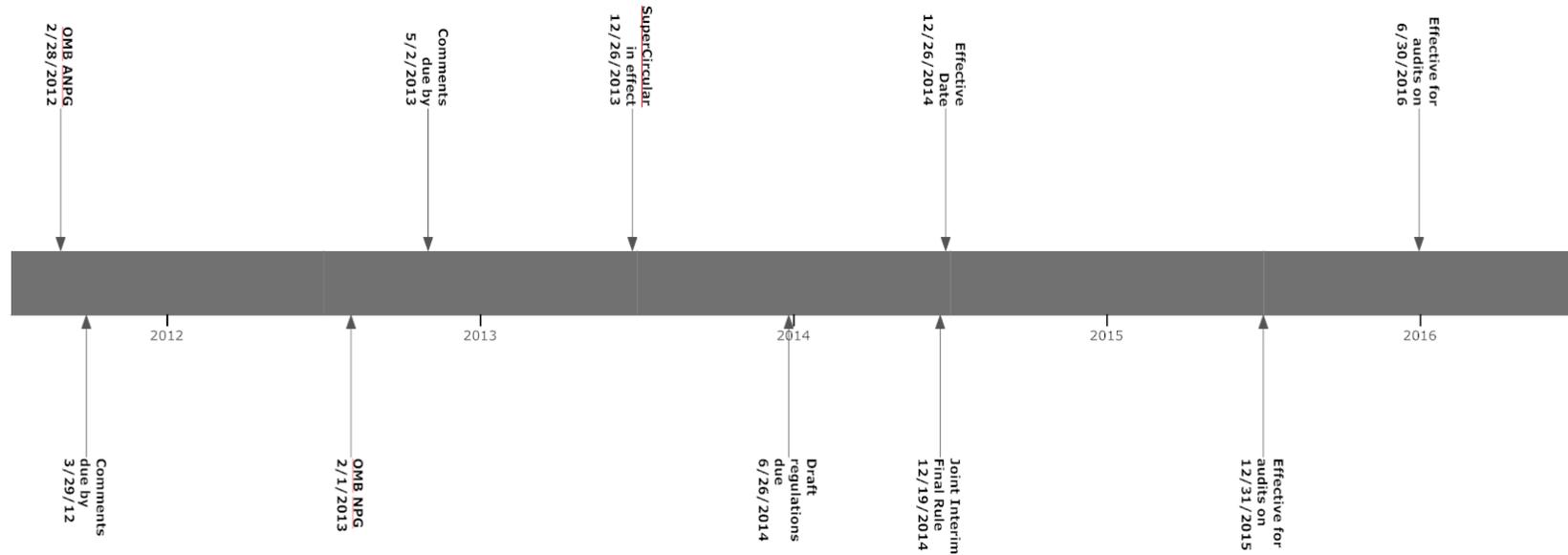
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Timeline



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U.S. ED Adopts Part 200



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NEW

On December 19, 2014 U.S. ED adopts Part 200 into EDGAR except for:

- **§200.102 (a)** Exceptions
- **§200.207 (a)** Specific conditions

This is covered in **§3474**



Effective Dates

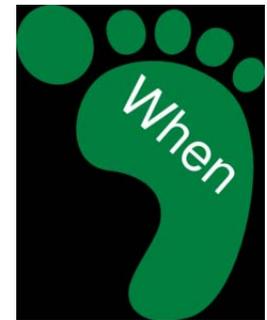


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- December 26, 2014 – Direct grants from U.S. ED
- July 1, 2015 – State administered programs
- July 1, 2016 – Procurement rules

A one year grace period for:

Institutions of Higher Education (IHEs) and
Nonprofits. Does **not** apply to local school systems
or state entities.



Where is everything?



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2 CFR Part 200

- Subpart A – Definitions
- Subpart B – General provisions
- Subpart C – Pre award requirements
- Subpart D – Post award requirements
- Subpart E – Cost principles
- Subpart F – Audit requirements



“Should” vs. “Must”



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“Must” means Required

“Should” indicates best practices or recommended approach



Time and Effort Documentation

§200.430

Documentation for Personnel Expenses



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§200.430 (8)(i)

Standards for Documentation for Personnel Expenses

Charges to Federal awards must be based on records that accurately reflect the work performed – these records must:

Time and Effort Documentation



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§200.430 Compensation – personal services

NEW

- i. Be supported by a system of internal control
- ii. Be incorporated into the official records
- iii. Reasonably reflect the total activity of the employee
- iv. Encompass all activities (Federal and non-Federal)
- v. Comply with established accounting policies and procedures
- vi. Support the distribution of the employee's salary or wages
- vii. Budget estimates alone do not qualify as support

Who must keep records?



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§200.430 (i)(1) and (i)(4)

- Must be maintained for all employees whose salaries are:
 - Paid in whole or part with Federal funds
 - Used in meeting cost sharing or matching requirements

Does not apply to contractors

Current Regulations



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Requirements under OMB Circular A-87

If an employee worked on a single cost objective then a semi-annual certification is required



If an employee worked on multiple cost objectives then a personnel activity report (PAR) is required



OMB Circular A-87



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Semi-Annual Certifications

If an employee works on a single cost objective

- ❖ After the fact
- ❖ Account for the total activity of the employee
- ❖ Signed by the employee **or** supervisory official
- ❖ Done at least every six months (can be done more often)

PARs

If an employee works on multiple cost objectives

- ❖ After the fact
- ❖ Account for the total activity of the employee
- ❖ Signed by the employee (Supervisor can sign it as well)
- ❖ Prepared monthly and coincide with 1+ pay periods

Time and Effort Guidance by OCFO



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On September 7, 2012 U.S. ED's Office of Chief Financial Officer (OCFO) issued guidance for time-and-effort reporting.

This guidance can be found at:

<http://www2.ed.gov/policy/fund/guid/gposbul/time-and-effort-reporting.html>

It is possible to work on a single cost objective even if an employee works on more than one Federal award or on a Federal award and a non-Federal award.

Time and Effort



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NEW

§200.430(i)(1)(ix) Compensation

Records may reflect categories of activities expressed
as a percentage distribution of total activities

%

Time and Effort



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NEW

§200.430(i)(2) Compensation

For records which meet the standards, the non-Federal entity will not be required to provide additional support or documentation



§200.430(i)(8) Compensation

For records that do not meet the standards, the Federal government may require personnel activity reports, including prescribed certifications or equivalent documentation



Are the new standards better?



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The good: More consistent and flexible

The bad: Vague and no guidance on what the documentation should look like

The ugly (depends on your point of view): your current system will work assuming it is compliant



Time and Effort recommendations



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- If you are compliant (i.e. been through an audit or monitoring visit with no findings) continue to do what you are doing.
- Try to have employees paid with Federal funds work on a single cost objective. Documentation and record keeping much easier to do.
- Reference regulation **§200.430** in your written policy and procedures for time and effort documentation.

Procurement

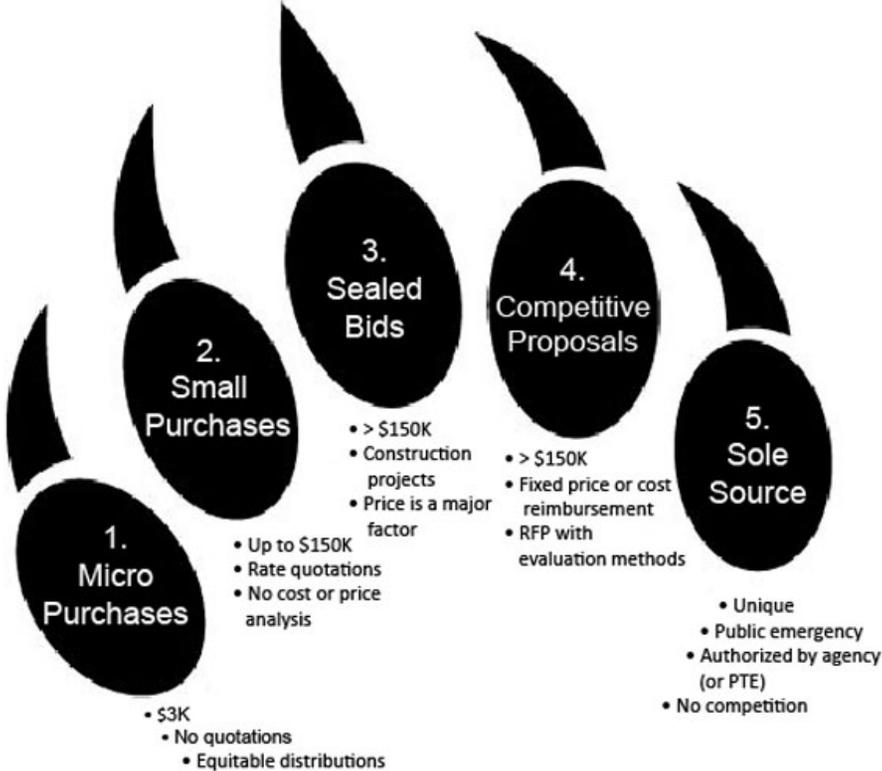
§200.318 - 200.326

Methods of Procurement



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Procurement "Claw" (Section 200.320)



Micro-Purchase



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NEW

§200.320(a)

- ❖ Acquisition of supplies or services under \$3,000
- ❖ Micro-Purchase is defined in §200.67. The threshold is determined by the Federal Acquisition Regulation.
- ❖ Micro-purchases may be awarded without soliciting competitive quotations if the price is considered to be reasonable
- ❖ To the extent practicable must distribute micro-purchases equitably among qualified suppliers

Small Purchase Procedures



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§200.320(b)

- ❖ Goods or services that cost \$150,000 or less. The threshold is defined as the Simplified Acquisition Threshold [§200.88](#).
- ❖ **NEW** – this threshold was raised to \$150,000 in the new regulations.
- ❖ If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources.

Sealed bids



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§200.320(c)

- ❖ Used when the amount procured is over \$150,000
- ❖ Invitation For Bid (IFB)
- ❖ Bids are publicly solicited and a firm fixed price contract is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the IFB is the lowest in price.

Competitive Proposals



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§200.320(d)

- ❖ Used when the amount procured is over \$150,000
- ❖ Request for Proposal (RFP)
- ❖ Must be publicized and identify all evaluation factors and their relative importance
- ❖ Must have a written method for conducting technical evaluations and for selecting recipients
- ❖ Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered

Noncompetitive Proposals



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§200.320(f)

- ❖ Procurement through solicitation of a proposal form only one source (i.e. Single Source)
- ❖ Can only be used if one or more of the following apply:
 1. The item is available only from a single source
 2. The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation
 3. U.S. ED or GaDOE expressly authorizes it in a response to a written request **NEW**
 4. After solicitation of a number of sources, competition is determined inadequate

Contract cost and price



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§200.323

- ❖ A cost or price analysis must be performed in connection with every procurement action in excess of \$150,000 (Simplified Acquisition Threshold), including contract modifications **NEW**
- ❖ The method and degree of analysis is dependent on the facts surrounding the particular situation, but must make independent estimates **before** receiving bids or proposals

What is a price analysis?



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A price analysis is an evaluation of a proposed price to determine if the price is fair and reasonable. A price analysis does not evaluate separate cost elements or the proposed profit. A price analysis always involves some form of comparison with other prices.

What is a cost analysis?



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A cost analysis is an evaluation of the separate cost elements, such as labor, materials, etc. including the proposed **profit**.

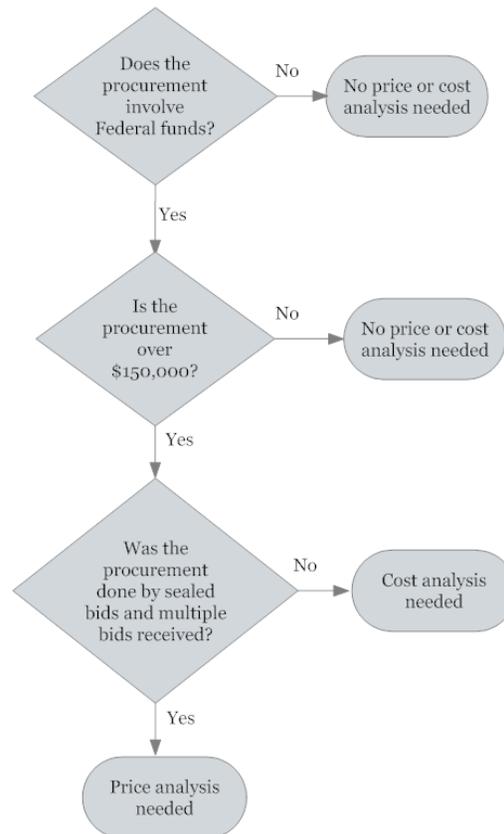
What factors should be considered in analyzing profit?

Consideration must be given to the complexity of the work to be performed, the risk borne by the contractor, the contractor's investment, the amount of subcontracting, the quality of its record of past performance, and industry profit rates in the surrounding geographical area for similar work.

When is each required?



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Internal Controls

§200.303

Internal controls



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§200.62 Internal Control over compliance requirements for Federal awards

- ❖ transactions are properly recorded and accounted for, in order to:
 - Permit the preparation of reliable financial statements and Federal reports;
 - Maintain accountability over assets; and
 - Demonstrate compliance
- ❖ Transactions are executed in compliance with:
 - Federal statues, regulations and the terms and conditions of the Federal award
 - Any other Federal statues and regulations identified in the compliance supplement
- ❖ Funds, property, and other assets are safeguarded against loss from unauthorized use or disposition

Internal Controls



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§200.303

- ❖ Must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the entity is managing the award in compliance with Federal statutes, regulations, and terms of the award
- ❖ Internal controls should be in compliance with:
 - The U.S. Comptroller General's Standard for Internal Control Integrated Framework (the "Green Book"); and,
 - Internal Control Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) **NEW**

Green Book



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<http://www.gao.gov/greenbook/>



GAO-14-704G published in September 2014

What is COSO?



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COSO



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<http://www.coso.org/IC.htm>

Executive Summary can be downloaded for free



Internal Control Components



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COSO PYRAMID



COSO CUBE

Types of internal control



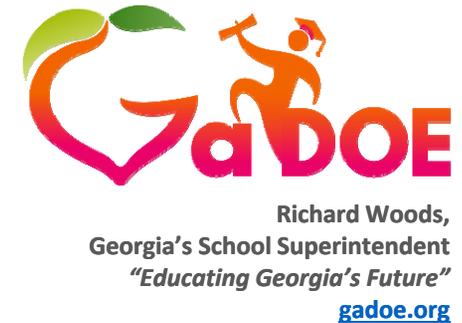
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Financial Management

§200.302

Financial Management



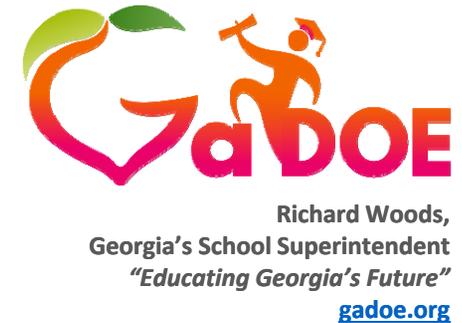
§200.302(b)(1)

Identification of Federal awards

NEW

- ❖ Name of the Federal program
- ❖ CFDA title and number
- ❖ Federal award identification number
- ❖ Fiscal year of award
- ❖ Federal agency
- ❖ Pass through agency (GaDOE)

Financial Management



§200.302(b)(2)

Accurate, current, complete disclosure of financial results of each award

§200.328

Non-Federal entity must submit performance reports at intervals required by Federal agency or pass through

- ❖ Annual performance reports due 90 days after reporting period
- ❖ Quarterly performance reports due 30 days after reporting period

Written cash management procedures



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§200.302(6)

NEW

Written procedures must cover **§200.305(b)**

For non-Federal entities other than states, payment methods must minimize the time elapsing between the transfer of funds from the United States Treasury or the pass-through entity (GaDOE) and the disbursement by the non-Federal entity

(Date of draw compared to the date of payment)

Written Allowability procedures



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§200.302(b)(7)

NEW

Written procedures for determining the allowability of costs – in compliance with the cost principles (Subpart E) and the terms and conditions of the Federal award.

- ❖ Procedures cannot simply restate the Uniform Guidance
- ❖ Should explain the process – training tool and guide for employees

Electronic records



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NEW

§200.335 Methods for collection, transmission, and storage of information

When original records are electronic and cannot be altered, there is no need to create and retain paper copies.

Cost Principles

Subpart E

§200.400 - §200.475

Cost Principles



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NEW

§200.407 Prior written approval

To avoid subsequent disallowance non-Federal entity may seek prior written approval from Federal awarding agency in advance of the incurrence of special or unusual costs

Cost Principles



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NEW

§200.432 Conferences

- ❖ As needed, the costs of identifying, but not providing, locally available **dependent-care resources** are allowable. (Family friendly policies)
- ❖ Conference hosts/sponsors must exercise discretion and judgment in ensuring that conference costs are appropriate, necessary and managed in a manner that minimizes costs to the Federal award.

Cost Principles



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NEW

§200.474 Travel costs

- ❖ Travel charges must be consistent with the entity's written travel reimbursement policies
- ❖ Temporary dependent care costs above and beyond regular dependent care that directly results from travel to conferences is allowable
- ❖ Travel costs must be reasonable and consistent with written travel policy or follow

Cost Principles



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NEW

§200.410 Collection of unallowable costs

Payments made for costs determined to be unallowable must be refunded (**including interest**) to the Federal government

Required Certification



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NEW

§200.415

An official authorized to legally bind the non-Federal entity must certify on annual and final fiscal reports or vouchers requesting payment

“By signing this report, I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the Federal award. I am aware that any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil, or administrative penalties for fraud, false statements, false claims or otherwise.”

Payment

§200.305

Payment



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NEW

§200.305(b)(9)

- ❖ Interest amounts up to \$500 may be retained by a non-Federal entity for administrative purposes (this was increased from \$100 for states and local school systems)
- ❖ Interest earned (over \$500) must be remitted annually to the U.S. Department of Health and Human Services Payment Management System

Payment



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NEW

§200.305(b)(7) and (8)

Advance payments of Federal funds must be deposited and maintained in insured accounts whenever possible, unless:

- Aggregate Federal awards are under \$120,000
- Account not expected to earn in excess of \$500 in interest annually
- Banks requires a minimum balance, which is not feasible
- Foreign government prohibits or precludes an interest bearing account

Equipment

§200.313

Equipment



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§200.33 Equipment

Tangible personal property having a useful life of more than one year and a per-unit acquisition cost, which exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes or \$5,000.

New definitions



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NEW

§200.94 Supplies

All tangible personal property other than equipment

§200.20 Computing devices

Machines used to acquire, store, analyze, process, and publish data and other information electronically, including accessories (or "peripherals")



Computers less than \$5,000 are considered supplies

Equipment



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NEW

§200.313

- ❖ Conditional title to equipment acquired under a Federal award will vest upon acquisition in the non-Federal entity
- ❖ Cannot encumber the property without approval of the Federal awarding agency or pass-through entity
- ❖ When acquiring replacement equipment, the non-Federal entity may use the equipment to be replaced as a trade-in or sell the property and use the proceeds to offset the cost of the replacement property

EDGAR

Education Department General Administrative
Regulations (EDGAR)

The New EDGAR



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Title 34

- ❖ Part 75 – Direct grant programs
- ❖ Part 76 – State administered programs
- ❖ Part 77 – Definitions
- ❖ Part 81 – General Education Provisions Act (GEPA)

Title 2

- ❖ Part 200 – Cost, Administrative, and Audit rules
- ❖ Part 3474 – U.S. ED adopts part 200
- ❖ Part 3485 – Nonprocurement Debarment and Suspension

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