

## Financial Review FAQ – COVID-19

March 25, 2020

The following questions have been compiled to assist LEA finance officers in determining the effects of the current health crisis on the financial records and reporting deadlines. The responses are based on the information available as of this date and may change as more guidance is provided by federal and state authorities.

### **STATE ALLOTMENTS**

#### **Will QBE continue to be paid?**

Yes. There is no plan to limit payment of QBE based on school closures. GaDOE has taken steps to ensure the payments will continue monthly. The Amended FY 2020 adjustments will be included in the March 30 payment.

#### **Will the state categorical grant periods be extended to ensure the grant funds can be spent?**

Several state categorical grants have expressed a possible need for an extension to the June 30<sup>th</sup> deadline, and GaDOE will provide guidance soon.

#### **When will the FY 2021 QBE estimates be provided? Should we anticipate raises for our certified staff, transportation, and nutrition employees?**

The 2019-2020 legislative session was suspended after March 13, 2020. At that time, the House had released their recommendations for the FY 2021 Budget, and those recommendations did modify the budget as presented by the Governor. Because the Budget has not made its way through the complete legislative process, we cannot provide estimates. We encourage each district to review the budget tracking document, located on the House website: <http://www.house.ga.gov/budget/en-US/budgetdocuments.aspx> If you have any questions, please contact FBO Budget Services or Financial Review.

### **FEDERAL GRANTS**

#### **Will the federal grant periods be extended to ensure the grant funds can be spent?**

GaDOE is monitoring guidance from the U.S. Department of Education to determine the extent to which grant periods will be extended at the LEA level. The U.S. Office of Management and Budget has released initial guidance indicating the grant periods may be extended for SEAs. Such extensions currently include Federal formula-based grants that are set to expire on or before December 31, 2020, which would include the current grants to the LEAs for 2020. GaDOE will develop plans and procedures to allow these funds to extend for an additional 12-month period.



## **FEDERAL GRANTS, Continued**

### **Will the Title I limit of 15% carryover be waived?**

The GaDOE Federal Programs Department is currently monitoring guidance from the U.S. Department of Education to determine if the 85% requirement for grant expenditures can be waived to allow full carryover of Title I funds. We expect additional guidance as to whether the carryover limitation will be waived. As a reminder, if Georgia's EdFlex application, currently under review by the U.S. Department of Education, is approved in May, LEAs will have the flexibility to apply directly to the State to waive the Title I limit of 15% carryover beginning with their FY20 Title I funds.

### **Will the cash drawdown process continue to operate in the same manner?**

Yes. Districts should continue to request cash drawdowns of all federal and state categorical grants using the same process used during normal operating times. GaDOE has put provisions in place to ensure cash drawdown requests continue to be processed each Thursday at 3 pm. LEAs should ensure the cash drawdown requests are submitted prior to 3 pm each Thursday in order to be paid the following Thursday. Any questions regarding this process should be directed to Regina Hailey at [rhailey@doe.k12.ga.us](mailto:rhailey@doe.k12.ga.us).

### **Will the payment of salaries for employees, both exempt and non-exempt, be considered an allowable expense for the Federal grants?**

The U.S. Office of Management and Budget has released guidance that the payment of salaries and benefits is allowable with federal funds as long as the payments are consistent with the LEA's policy of paying salaries (under unexpected or extraordinary circumstances) from all funding sources, federal and non-federal. Therefore, the LEA must consistently follow the same methodology in determining payment for salaries and benefits for employees paid with Federal and non-federal funds.

## **SCHOOL NUTRITION**

### **How do we account for the additional costs (salaries/supplies/transportation) related to the meal services while schools are closed?**

The U.S. Department of Agriculture has released guidance to the Nutrition Departments that indicates the LEAs will operate during the school closure under the Summer Seamless Option for the meal program. There are no additional reimbursements through the nutrition program for transportation costs, so LEAs should determine if the nutrition program income will pay for those costs or the General Fund. The same fund and program codes should be utilized for this program that are utilized for the Child Nutrition Cluster program. Guidance for the operations of the meal program should be sought and provided by the Nutrition Program Specialists at GaDOE.

## **SALARIES, TRAVEL AND PAYMENTS TO EMPLOYEES**

### **Will there be additional funding to aid LEAs in the payment of the regular contract of employees and/or additional salaries for work during the school closures?**

There have been no additional grants awarded to GaDOE and/or the LEAs by the Federal or State Government at this time. GaDOE is in communication with the U.S. Department of Education, and any relief efforts available through any stimulus package approved by Congress will be communicated as soon as possible.

## **SALARIES, TRAVEL AND PAYMENTS TO EMPLOYEES, *Continued***

### **Can the LEA pay employees, both exempt and non-exempt, while the buildings are closed, and employees are not working?**

LEAs should follow their local emergency plan for payments during unexpected situations. Any specific guidance on the payment of employees during the school and central office closure must be directed to your school district attorney. Because of the varying schedules, responsibilities, and shifts in job duties that have been implemented by each LEA, the guidance cannot be uniform for every LEA. Therefore, it is imperative that you follow the advice of your board attorney during the time of the school closures. Please note there are currently no changes to the current state and federal allocations.

### **Will the payment of travel costs, conferences, etc. that have been cancelled but are nonrefundable be considered an allowable expenditure of state and/or federal funds?**

Yes. Costs associated with the cancellation of events, travel or other activities necessary and reasonable will be an allowable expenditure of the General Fund. If there are services or goods that will be consumed by your LEA, and you are not sure of the allowability, please contact Financial Review and the assigned Program Specialist for the specific grant. The U.S. Office of Management and Budget released guidance specific to Federal grants to indicate the SEA may allow recipients of grant funds to charge the full cost of cancellation when the event, travel, or other activities are conducted under the conditions of the grant. However, do not assume there will be additional funds available to carry out the purpose of the grant. There are no additional grant allocations as of the date of this document.

## **ACCOUNT CODES**

### **What account codes do we utilize for extra goods/services directly related to the current health crisis? Will a program code be created to account for the additional activity?**

For function/object codes, some suggestions include: 1) Function 2600 for additional cleaning/disinfecting. 2) Function 2100 for additional nursing services or supplies such as masks. 3) Expenditure object code 610 for general supplies. 4) Additional salaries will be reported based on the job duty associated with the activity.

### **Are there specific State Program Codes to account for costs specifically related to the current health crisis?**

No. Program Codes are set up when tracking specific grant activity, or if there is a specific reporting requirement. Because the current situation is still developing, the GaDOE Financial Review Division recommends maintaining a record locally of any expenditures for goods and services incurred that are solely related to the current health crisis. As we have seen with past emergencies such as hurricanes, the LEA may have the need to report expenditures related to the situation in the future. Currently, we do not have any new grants or funding associated with this health crisis. However, we recommend using a reserved program code for additional DOE Federal Grants (1854 or 1855) or a local account code to track expenditures directly related to the health crisis. If there is additional funding in the future, a new program code will be created at GaDOE to track the grant activity, and the activity will have to be reclassified to the new program code, if created.

## **PROCUREMENT REQUIREMENTS**

### **Is it acceptable to waive procurement requirements of the school district to purchase items in an emergency?**

GaDOE Financial Review recommends following your local policy on emergency procurement purchases and obtaining board approval for those purchases outside the normal procurement process in accordance with the timeframe set forth in your local policy. Additionally, the Georgia Department of Administrative Services (DOAS) has guidance on their website for state agencies that may be followed by LEAs. This is the Georgia Purchasing Manual excerpt below regarding emergency purchases:

#### **1.3.5. Emergency Purchases**

*In accordance with (O.C.G.A.) Section 50-5-71, State Purchasing Division has granted the authority to state entities to purchase urgently needed items arising from unforeseen causes, including, but not limited to, extreme weather conditions or official declared emergencies.*

*Emergency purchases are an exception to the Order of Precedence. An emergency procurement is handled outside of the normal competitive process for purchases greater than \$24,999.99 because of the urgency of the circumstances, such as the immediate welfare of the general public. Therefore, State Purchasing Division approval is not required in advance of the emergency purchase. Poor planning or the pending expiration of funds does not constitute a valid justification for an emergency purchase. It is always good business practice and considered to be in the best interest of the state of Georgia to make any procurement as competitive as time permits. The state entity is authorized to handle the emergency purchase whether or not the dollar amount of the emergency purchase falls within the state entity's delegated purchasing authority.*

Additionally, DOAS has created an FAQ specifically regarding emergency purchases for state agencies that can be accessed [here](#) . Because these are guidelines for the state level that may conflict with your local emergency policy, please contact your board attorney with specific questions regarding the procurement procedures for your LEA.

## **BUDGET REQUIREMENTS**

### **Will the budget requirements set forth in O.C.G.A. §20-2-167(a)(5) and §20-2-167.1 be waived for FY 2021?**

GaDOE cannot waive state law. The requirements to adopt a balanced budget in order to operate are still in effect. School systems are required to follow the budget requirements set forth in O.C.G.A. §20-2-167(a)(5) and §20-2-167.1 School systems may pass a Budget Resolution for each month in FY 2021 until a balanced budget is adopted at the local level. The GaDOE Financial Management Handbook for Georgia's Local Units of Administration (FMGLUA), Section IV – Chapter 2, includes details on passing a Budget Resolution for each month of the fiscal year until an annual budget is adopted. Please see full chapter [here](#) .

## **DE046 REPORTING**

### **Will the annual reporting deadlines for the FY 2020 Final Budget, the FY 2020 Final Actuals, and FY 2021 Initial Budget be extended?**

The GaDOE Financial Review Division is aware that the delay may result in districts being unable to meet the annual budget reporting requirements to GaDOE as outlined in State Board Rule 160-5-2-.21 and FMGLUA Section II - Chapter 6 in the time frame set. We will continue to monitor the situation and will amend your reporting deadlines to GaDOE if necessary.

## **AUDIT DEADLINES**

### **Will audit deadlines for the FY 2019 and FY 2020 audit periods be extended?**

The U.S. Office of Management and Budget has released guidance indicating that the Single Audit submissions for fiscal year ends through June 30, 2020 may be extended 6 months beyond the normal due date (March 31<sup>st</sup>). However, the application of this extension is currently being reviewed by the Georgia Department of Audits and Accounts (DOAA), and any changes to the audit schedule must be communicated by their Agency. The Georgia Department of Education is not the responsible party for setting the audit schedules and will update our deadlines for corrective action plans based on the deadlines set by DOAA.