

Subaward Updates and More

ESSER Academy
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The only constant is change...



- New State Superintendent of Education
- New language in subawards
- New regulations changes on the horizon



Disclaimer

This presentation is to help increase your understanding of the subgrant award notification (a.k.a. GAN), subgrant requirements, and federal regulations, including parts of **2 CFR Part 200** Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.



Disclaimer, continued

This presentation is *not a substitute* for reading

- subgrant award
- program-specific assurances
- SCDE's Assurances and Terms & Conditions for Federal Subawards
- applicable federal regulations.



For effective subgrant management...



©Reading is Fundamental (RIF)



Our Direction Today

- I. Roles and Expectations
- II. Subaward Scope of Work and Applicable Regulations
- III. New Regulation and Updates on the Horizon
- IV. More Reminders
- V. Questions & Answers



Subgrantee

Secondary grantee

- Gets subaward from primary grantee
- Can be a Local Education Agency (LEA; i.e., school district) or other non-federal entity (NFE)
- Must follow/comply with what is passed-through in subaward



Grant/Subgrant Manager's Role

- Programmatic activities to achieve goals & objectives
- Financial activities to achieve prudent fiscal management of funds
- Record keeping activities to ensure accurate documentation
- Compliance activities to fulfill all program requirements, including accurate reporting & close out.



Grant/Subgrant Entities are Expected to

- Adhere to *all* funding requirements
- Have adequate internal control systems
- Comply with state laws, federal laws, and regulations
- Meet performance expectations
- Meet *all* reporting requirements
(i.e., reports are complete, accurate, and on time).



SCDE passes through to Subgrantee



- Federal award requirements
 - Scope of Work & Regulations
- Assurances and Terms and Conditions for Federal Subawards
 - Audit
 - Recordkeeping
 - Time and Effort
- State Laws, Provisos, Regulations
 - Per diem
 - Procurement



New Language in Subaward Scope of Work

Reporting and Closeout Timeframes



11. Scope of Work & Special Conditions

Details expectations:

- Work
- Reporting
- Recordkeeping
- Closeout



More Detailed Reporting Language

- Updates reporting terms (45 days after quarter ends)
- Extends liquidation/closeout period to 90 days



Reporting Activity within Quarter

- Goods and/or services received by the end of each quarter should be invoiced, paid, and claimed within 45 days after the close of the quarter.
- Goods and/or services must be received within the quarter to be claimed for that quarter.



Quarterly Financial Reporting Deadlines

Reporting Period	Deadline (days post period)
July 1 – September 30	November 15 (45 days)
October 1 – December 31	February 15 (45 days)
January 1 – March 31	May 15 (45 days)
April 1 – June 30	August 15 (45 days)



End-of-Fiscal Year Reporting Language

In accordance with generally accepted accounting principles (GAAP), all expenditure reports for funds spent by the end of the fiscal year, June 30, 2023, are due to the SCDE by August 15, 2023.



More End-of-Fiscal Year Reporting Language

Goods and/or services received by June 30, 2023, must be invoiced, paid, and claimed by August 15, 2023. No exceptions.



Closeout Language

Obligation and Liquidation Timeframes



Obligation and Close-out Changes

- All funds must be fully obligated by performance end date
- Final expenditure report due 90 days following performance end date
- All goods and/or services must be received, invoiced, paid, and claimed within those 90 days.



Example: Ends September 30, 2023

- All funds must be fully obligated by the project end date of September 30, 2023
- Final expenditure report due by December 30, 2023
- All goods and/or services must be received, invoiced, paid, and claimed by December 30, 2023. No exceptions.



To Clarify – Ends September 30

- All goods & services received by September 30, AND
- Remaining goods & services obligated by September 30

Must be received, invoiced, paid, and claimed by
December 30 (90-day closeout).



Example: Ends June 30 (state fiscal year end)

- All goods & services received by June 30 **must** be invoiced, paid, and claimed by **August 15** (45-day reporting period). No exceptions.
- Remaining goods & services obligated by June 30 must be received, invoiced, paid, and claimed by **September 30** (90-day closeout period).



To Clarify – Ends June 30

- All goods & services received by June 30 must be claimed by August 15 (45-days); no exceptions
- Goods & services obligated by June 30 must be received, invoiced, paid, and claimed by September 30 (90 days).



What if My Subaward is Different?

Performance Ends within Quarter



Financial Reporting Deadlines

Deadlines: 45-days reporting; 90-days closeout.

Reporting Period	Deadline (days post period)
July 1 – September 30	November 15 (45 days)
October 1 – December 31	February 15 (45 days)
January 1 – March 31	May 15 (45 days)
April 1 – June 30	August 15 (45 days)



Example: Ends July 31, 2023

- All goods & services received by June 30 (fiscal year end) **must** be invoiced, paid, and claimed by **August 15, 2023** (45 days). No exceptions
- Remaining goods & services received and obligated by July 31, 2023, must be received, invoiced, paid, and claimed by **October 30** (90 days).



Other Scope of Work Items

Important to Know for Monitoring and Audits



Written Procedures for Allowability

“The subgrantee must have written procedures for *determining the allowability of costs* for their award. The subgrantee will comply with...2 CFR Part 200...requirements in Subpart D— Post Federal Award Requirements (§§200.300-346) and Subpart E—Cost Principles (§§200.400-476) to ensure that the subgrantee uses funds for purposes that are reasonable, necessary, and allocable under this subaward.”



2 CFR Part 200.302 – Financial Management

Written policies/procedures for

- Cash Management § 200.302(b)(6) and § 200.305
- Allowability of Cost Procedures § 200.302 (b)(7),
with
 - Cost Principles in Subpart E, and
 - Terms of subaward (subaward of USED funds includes 34 CFR Part 76.707 When Obligations are Made)



34 CFR Part 76.707 – When Obligations Are Made

If the obligation is for—	The obligation is made—
(b) Personal services by employee of state/subgrantee	When the services are performed.
(c) Personal services by contractor who is not employee of state/subgrantee	On date on which state/subgrantee makes binding written commitment to obtain services.
(f) Travel	When the travel is taken.*

*SCDE Guidance: Reimbursement of Airfare and Registration Fees with Federal Funds



Written Procurement Policy

“The subgrantee *must have a written procurement policy* in order to expend subgrant funds. The subgrantee is authorized,..., to follow the procedures outlined in Title 11 Chapter 35 of the South Carolina Procurement Code... (references Section 11-35-5320, Section 11-35-5340 and Section 11-35-40)...Where subgrant funds are used, the more restrictive requirements (federal or state) shall apply...”



UGG Procurement Standards

2 CFR Part 200.318–327

- **\$200.318 - General Procurement Standards**
 - **Must oversee contactors (b)**
 - **Written standards of conduct covering Conflicts of Interest (c)**
 - **Must maintain records of history of the procurement (i)**
- **\$200.319 - Competition**
 - Written procedures for procurement transactions (c).**



Written Procurement Policy, continued

“...The subgrantee is encouraged to adopt the 2020 Model School District Procurement Code approved by the SC State Fiscal Accountability Authority (SFAA)....”



Procedures define...

- Who performs the procedure?
- What steps are performed?
- When are the steps performed?
- How are the steps are performed?



Public Disclosure Requirement

“When issuing statements, press releases, requests for proposals, bid solicitations, and other documents describing this project, the subgrantee shall state clearly:...



Public Disclosure Requirement, continued

- i. Dollar amount of federal funds for the project;
- ii. Percentage of total cost of the project that will be financed with federal funds; and
- iii. Percentage & dollar amount of total cost of the project that will be financed by non-governmental sources.”



SCDE and Auditors Access to Records

“The subgrantee must permit SCDE staff and any auditors to have *access to all* records, documentation of expenditures, and financial statements applicable to this award *during the project term and during the record retention period of six years following closeout* as stated in the SCDE’s terms and conditions for federal subawards.”



Subaward Record Retention Period

- Performance/budget period ends September 30, 2023
- Closeout period is October 1–December 30, 2023
- 6-year record retention is December 31, 2023–December 30, 2029



New: Indirect Cost Rate Reference

“The negotiated indirect cost rate or the indirect cost allocation plan approved for the subgrantee applies to this subaward.”



What it Means

- When subgrantee's indirect cost rate changes, that rate takes effect
- No amendment solely to change indirect cost rate.

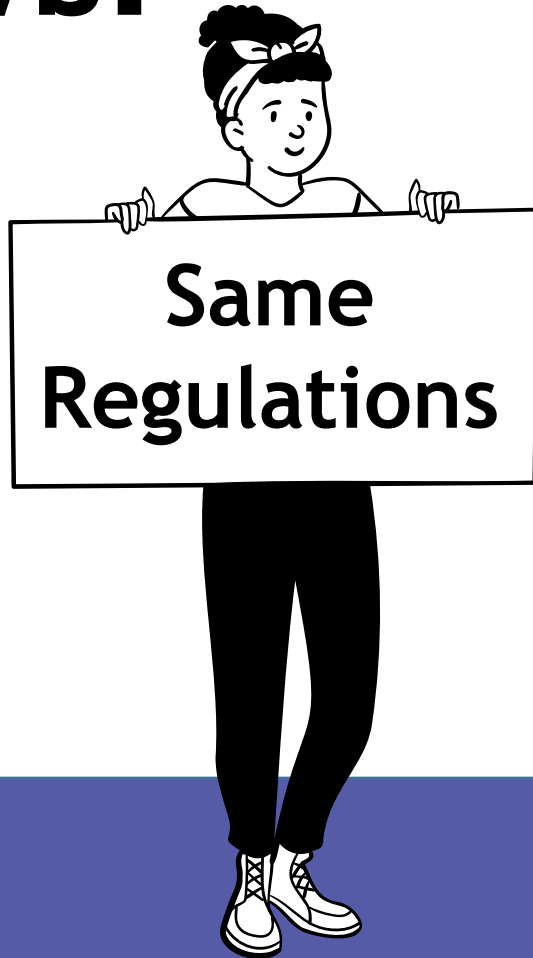


Applicable Regulations

Subawards of US Department of Education Funds



Good News!



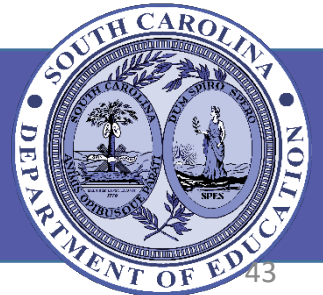
Subawards of U.S. Dept of Education (USED) funds have same regulations, mostly

- “EDGAR” - Education Department General Administrative Regulations
- USED’s EDGAR web site
<http://www2.ed.gov/policy/fund/reg/edgarReg/edgar.html>



EDGAR

- 34 CFR Part 76 State-Administered Programs (some programs have exception for §§76.650-662)
- 34 CFR Part 77 Definitions
- 34 CFR Part 81 General Education Provisions Act-Enforcement
- 34 CFR Part 82 Restrictions on Lobbying
- 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (a.k.a. UGG).



List of Regulations, but...



What do they mean?

Where do I find these regulations?



Use eCFR

Title 2 Grants and Agreements

- 2 CFR Parts 25, 170, 180 & 200
- 2 CFR Parts 3474 and 3485

Title 34 US Dept. of Education

- 34 CFR Parts 75, 76, 77, 79, 81, 82, 84, 97 & 99
- with 2 CFR Part 200 is EDGAR

www.ecfr.gov





Regulation Updates on the Horizon

OMB Anticipates Announcing by 2023 Year End



New Regulation & addition to 2 CFR Part 200.332

- To support implementation of Build America, Buy America Act provisions of Infrastructure Investment and Jobs Act (2022)
- To clarify existing requirements.



New: 2 CFR Part 184

Buy America Preferences for Infrastructure Projects

- 184.1 Purpose of this part.
- 184.2 Applicability.
- 184.3 Definitions.
- 184.4 Applying the Buy America Preference to a Federal award.
- 184.5 Determining the cost of components for manufactured products.
- 184.6 Construction material standards.
- 184.7 Federal awarding agency's issuance of a Buy America Preference waiver.
- 184.8 Exemptions to the Buy America Preference.



§200.322 Domestic Preferences for Procurements

OMB amending to add

“(c) Federal awarding agencies providing Federal financial assistance for infrastructure projects must comply with the Buy America Preferences set forth in 2 CFR part 184.”



Revisions to Code of Federal Regulations, Title 2 (2 CFR) coming in December

Subtitle A: chapters 1 and 2

- Chapter 1: parts **25**, **170**, 175, 176, 180, 182, and 183
- Chapter 2: part **200**: Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.



Remember: 2020 Updates Added New Regulations

- 2 CFR Part 183 Never Contract with the Enemy
- 2 CFR Part 200.216 Prohibition on certain telecommunications and video surveillance services or equipment.





Reminders

It's that time of year to...



Self-assess Subaward Spending

- Timeline of activities
- Status of expenditures
 - Burn rate?
 - Need budget amendment(s)? Act now 😊

In approximately 79 workdays, it's June 30, 2023!



Communicate Regularly

- Finance office (and vice versa)
- Other offices involved with program activities
- SCDE Program office (reports, questions, etc.)
- External Stakeholders



ESSER Can Supplant ESEA Program Funds

- For Allowable Expenditures Only
- Review
 - ESSER II Plan and ESSER II Subaward
 - ARP ESSER Plan and ARP ESSER (a.k.a. ESSER III) Subaward
 - LEA's Allowability Procedures for ESSER Funds
(required by 2 CFR Part 200.302(b)(7))



ESEA Programs in ESSER Subawards

A. Allowable Activities: Funds may be used for

1. Any activity authorized by the ESEA of 1965, including

a. the Individuals with Disabilities Education Act (IDEA)

b. the Adult Education and Family Literacy Act

c. the Carl D. Perkins Career and Technical Education Act of 2006

d. subtitle B of title VII of the McKinney-Vento Homeless Assistance Act...



Look for Allowable Expenditures



- Must be necessary, allowable, allocable, reasonable, and consistently treated
- Must address specific COVID-19 pandemic determinations



Specific Cost Determinations for ESSER

- Is use of funds intended *to prevent, prepare for, or respond to* the COVID-19 pandemic, including its impact on social, emotional, mental health, and academic needs of students?
- Does use of funds fall under one of the authorized uses of ESSER funds?



Specific Cost Determinations, continued

- Is use of funds permissible under Uniform Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR Part 200)?
- In particular, is expense necessary and reasonable for the performance of the ESSER award?



If “Yes” to Determinations

- ESSER funds may cover expenditure(s)
- Work with Finance Office
 - Spend down ESSER II/ARP ESSER subawards
 - Free up ESEA funds for use
 - Avoid “leaving \$ on the table”



Important Obligation Deadlines

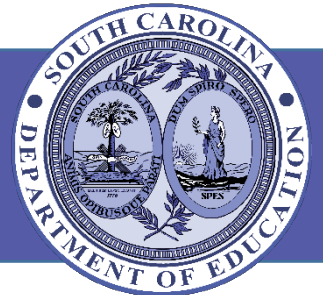
- **ESSER II - September 30, 2023**
- **ARP ESSER (a.k.a. ESSER III) - September 30, 2024**



Document, Document, Document

All expenditures charged to a federal subgrant must be adequately documented as evidence that cost is necessary, allowable, allocable, reasonable, and consistently treated.

ESSER funds add additional determinations (i.e., COVID-19 related) for documentation.



Questions?



Contact Us

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