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Department of Education**

The background of the top section of the slide features a green, curved line representing a hill. Along this line, there are five dark blue silhouettes of people in various stages of walking or standing, moving from left to right across the top of the slide.

**Glenda Ritz, NBCT**  
Indiana Superintendent of Public Instruction

# 21<sup>st</sup> Century Community Learning Centers

## 2016 RFP – Fiscal Webinar



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# Agenda

- I. Basic Information
- II. Roles
- III. Responsibilities
- IV. Expectations
- V. Selecting a Fiscal Agent
- VI. Creating a 21<sup>st</sup> CCLC Budget
- VII. Indirect Costs



# Basic Information

- Funding Authority: ESEA Title IV, Part B
  - **Supplement not supplant**
  - EDGAR
    - 34 CFR 76.560 – Indirect Cost Rates
    - 34 CFR 76.707 – When obligations are made
  - Uniform Grant Guidance (U.G.G.)
    - On December 26, 2014, the White House Office of Management & Budget (OMB) released new federal regulations: "Uniform Administrative Requirements, Cost Principles, & Audit Requirements for Federal Awards"
    - 2 CFR 200.303 – Internal Controls
    - 2 CFR 200.403 – **Allowable, Necessary, and Reasonable**
    - 2 CFR 200.420 – Items of Cost
    - 2 CFR 200.430(i) – Documentation for Personnel Expenses (Time and Effort)



# Fiscal Role as a Grantee

## Financial Management (200.302)

- Identification of awards received and expended
- Internal Controls
  - Definition: a process, implemented by a non-Federal entity, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:
    - Effectiveness and efficiency of operations;
    - Reliability of reporting for internal and external use; and
    - Compliance with applicable laws and regulations.
- Written Cash Management Procedures

## Required Certification (200.415)

- “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.”



# Fiscal Role as a Grantee

## Factors Affecting Allowability of Costs (200.403)

- Necessary, Reasonable, and Allocable
- Be consistent with state and local policies
- Consistently treated
- Must be adequately documented

## Items of Cost

- Compensation – personal services: Documentation (200.430(i)) (Time and Effort)
  - Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed.
    - Supported by system of internal controls which provides reasonable assurance charges are accurate, allowable, and properly allocated
    - Be incorporated into official records
    - Reasonably reflect total activity for which employee is compensated
    - Encompass all activities (federal and non-federal);
    - Comply with established accounting policies and practices; and
    - Support distribution among specific activities or cost objectives.



# Fiscal Responsibilities as a Grantee

- Attend periodic fiscal TA webinars
- Create a yearly budget
- Manage budget revisions
- Track expenditures
- Reimbursement requests
  - Submitted quarterly (minimum)
- Encumber funds at year end
- Mid-Year Expenditure Report
- End of Year Expenditure Report
- Quarterly Interest Earned Reports
- Inventory Reports
  - Submitted at the end of each program year
- Fiscal Reviews



# Fiscal Expectations as a Grantee

- Fulfill fiscal role and responsibilities
- Identified Staff Person
- Respond to requests
- Timely submissions



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# Selecting a Fiscal Agent

## How do you know if your fiscal agent can fulfill these requirements?

- Risk Assessment (200.205)
  - “In evaluating risks posed by applicants...use a risk-based approach and may consider any items such as the following:
    - Financial Stability;
    - Quality of management systems and ability to meet the management standards prescribed in this part;
    - History of performance...;
    - Reports and findings from audits...;
    - The applicant’s ability to effectively implement statutory, regulatory, or other requirements imposed on non-Federal entities”

## Questions to ask:

- Does your fiscal agent have the capacity and availability (i.e. ability to implement internal controls, etc.) to implement the grant?
- Does your fiscal agent have experience administering Federal funds?
- Is your fiscal agent in good financial standing?
- Is your fiscal agent invested in the program?



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# Creating a 21<sup>st</sup> CCLC Budget

## Things to Keep in Mind

- **Fringe Benefits**
  - “...include, but are not limited to, the costs of leave, employee insurance, pensions, and unemployment benefit plans.” (2 CFR 200.431)
- **Travel**
  - “...expenses for transportation, lodging, subsistence, and related items incurred by *employees* who are in travel status on official business of the non-federal entity.” (2 CFR 200.474)
  - State travel policy
    - Mileage Reimbursement: \$0.38/mile
    - In State Rates
      - Hotel Rate: \$89.00 + tax
      - Per Diem
    - Out of State Per Diem
- **Equipment**
  - Technology purchases: Years 1-3



# Indirect Costs (34 CFR 76.560)

## What is the difference between Direct and Indirect Costs?

- Direct Costs can be identified with a specific final cost objective (i.e. contract, grant, etc.)
  - Ex: supplies, equipment, travel expenses
- Indirect Costs are gained for a common purpose and cannot be easily identified by a specific cost objective
  - Ex: Utilities, Payroll, Human Resources
  - Two types of Indirect Cost Rates: Restricted and Unrestricted
    - Programs with a supplement not supplant provision (21<sup>st</sup> CCLC) must use a restricted rate
      - When using a restricted rate, indirect costs are further defined as General Management Costs
        - Organization-wide
        - Direction and Control of the organization
        - Costs must meet UGG definition of “indirect” AND general management definition



# Indirect Costs

How do you apply an indirect cost rate?

- Do NOT apply rate to entire grant award.
- Frequency of claim: monthly, quarterly, annually
  - Expenses must have already occurred
- Contractual Expenses Over \$25,000
  - Only the first \$25,000 of a contract may be included in the indirect calculation
  - Ex: Contractual Expense A = \$40,000. \$25,000 may be applied to the Total Direct Costs. The remaining \$15,000 will be added back the indirect rate is applied.

## Incorrect:

Total Direct Costs	\$100,000
Indirect Costs (5%)	\$5,000
Total	\$105,000

## Correct:

Total Direct Costs (Less Contracts > \$25,000)	\$80,952
Indirect Costs (5%)	\$4,048
Plus Contracts > \$25,000	\$15,000
Total	\$100,000

# Indirect Costs

## Administrative Costs (200.413)

- Administrative and Clerical Staff may be indirect costs unless ALL of the following are met:
  - Services are integral to the activity
  - Individuals can be specifically identified with the activity
  - Costs are explicitly included in the budget
  - Costs not also recovered as indirect

## Reminder:

- If you include a direct cost to your grant, you may not also include the same type of cost in your indirect cost pool. (2 CFR 200.403(d))
  - Ex: If a grantee includes an accountant as a direct cost, the indirect cost rate must exclude accounting costs



# Indirect Costs

## Who issues an indirect cost rate?

Cognizant agency = federal agency that provides majority of direct funding is responsible for negotiating indirect cost rates

- LEAs: IDOE Office of School Finance
- Institution of Higher Education: Usually HHS or DOD
- Nonprofits: agency providing majority of direct federal funding

\*Indirect cost rates are not required – you may choose to include all costs as direct



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# Indirect Costs

## Institutions of Higher Education

### Unrestricted rate but no restricted rate:

- 8% restricted rate, if reasonable OR negotiate rate with HHS

### No federally negotiated rate

1. If HHS has cognizance, IHE must negotiate there
2. If no federal direct funds, IDOE will determine reasonableness of 8% restricted rate

## Nonprofits

### Unrestricted rate but no restricted rate:

- 8% restricted rate, if reasonable

### Has never had an indirect cost rate

1. If nonprofit receives direct federal funds, refer to cognizant agency
2. If nonprofit does not receive direct federal funds, SEA may negotiate OR offer 8% restricted rate, if reasonable

Thank you!

# 21<sup>st</sup> Century Community Learning Centers



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