Title II Federal Grant Award
Fiscal Responsibilities
Adult Education and Family Literacy Act (AEFLA)

August 7, 2018  2p – 4p
August 8, 2018  10a – 12p

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Presentation Overview

1. Financial Definitions and Concepts

2. Cost Allowability

3. Budget Development and Transfer Procedures

4. Review of Budget Forms
A budget is a financial plan for the project or program that the federal awarding agency or pass-through entity approves during the federal award process or in the subsequent amendments to the federal award.

It may include federal and non-federal share or only the federal share, as determined by the federal awarding agency or pass-through entity.

For the 2018-2019 program year, the total budget amount submitted for Title II grants (231) must include Federal and State (FTE generated funds).

For the 2018-2019 program year, the total budget amount submitted by community colleges for mitigated funds must include the 75% allocation as well as all the state FTE generated funds.

For the 2018-2019 program year, the total budget amount submitted for community-based organizations for mitigated funds must include the 75% allocation as well as the 40% match from non-federal funds.
Definition

Costs that are identifiable and can be assigned to a specific project or activity and that support the project’s purpose.

Examples

✓ Salary, wages, fringe benefits
✓ Consultant fees
✓ Subcontracts
✓ Materials and equipment for project work supplies

CFR 200.413
CFR 200.313-200.314
CFR 200.430-200.431
CFR 200.439;200.453
• Administrative Costs/Indirect Costs
  • A cost that is non-instructional or directly related to instruction.

• AEFLA Providers
  • Providers can only charge administrative costs to the Federal allotment. The AEFLA allocation has a limitation of 5% administrative costs. However, WIOA regulations require that 1.5% of administrative funds must be identified as infrastructure cost to be paid in support of the workforce development system.

  • The infrastructure costs of 1.5% has been subtracted from your allocation and will be paid on your behalf by the North Carolina Community College System Office.

• The total administrative budget for Federal funds cannot exceed 5%. It can be used for:
  • Administrative Costs
  • Indirect Costs
  • Infrastructure Costs
Grant Management Cost Principles

Requires that...

• Actual expenses are
  ✓ Reasonable,
  ✓ Allocable,
  ✓ Allowable and
  ✓ Consistently charged.

• Mischarges are corrected in a timely manner. (local provider’s responsibility)
  • Recommendation of **Best Practice** is that all charges should be corrected within 30 business days

• Prior approvals are obtained when required. (local provider’s responsibility)
  • Please refer to the Cost Allowability Guidance for prior approval requirements

• Sub-recipient expenses are monitored.
  • Sub-recipient expenses will be monitored by the NCCCS Office of College and Career Readiness as part of the annual on-site and desk-top monitoring process beginning January 2018.

• Request for reimbursement (CBOs) should be **received** by the finance office by the 5th **working** day of each month. Failure to do so may result in non-payment or suspension of funding.
Budget Monitoring Practices

Your actual expenses should be compared at least monthly to the budget to ensure...

- All funds are used appropriately.
- Total funds on the grant have not been exceeded.
- Maximum expenditures for any cost category have not been exceeded (e.g. 5% for administration).
- Actual expenses align with the approved budget.
- All financial records and supporting documentation pertinent to the Federal award must be retained for a period of five years following the Federal grant award program year (NCCCS Records Retention and Disposition Schedule).

Make sure someone is assigned to these tasks.
Grant Management
Allowable vs. Unallowable Costs

- Allowable Costs are those charges that are necessary, reasonable and allocable. They also must conform to Federal law and grant terms and be adequately documented.

Allowable Costs:
- Audit Services
- Bonding Cost
- Costs to recover improper payments
- Compensation-Personal Services
- Compensation-Fringe Benefits
- Employee health/welfare
• Unallowable Costs are those charges to a Federal award that the pass-through agency determines to be unallowable in accordance with the applicable Federal principles contained in the award.

Unallowable Costs:
• Advisory Councils
• Alcohol
• Alumnae Activities
• Bad Debts
• Commencement Costs
• HSE Examiner

EDGAR CFR 200.302
CFR 200.403-404
CFR 200.420
Allowability Guidance

Cost Allowability

Adult Education Family Literacy Act (AEFLA)

The Education Department of General Administrative Regulations (EDGAR) addresses 55 items of allowability when using federal grant award funds. Expenditures are charges made by a non-federal entity to a project or program for which a federal award was received. All grant recipients must have financial management systems that include written procedures for ensuring all expenditures conform to the terms and conditions of the grant as well as the Uniform Guidance Cost Principles. According to EDGAR, all grant cost must meet the following criteria:

- Be necessary and reasonable
- Be consistent with policies and procedures
- Be treated consistently
- Be aligned with the Generally Accepted Accounting Principles (GAAP)
- Be adequately documented
- Not included for match or cost sharing
- Conform with federal law and grant terms

Per EDGAR, two factors that affect allowability are necessary and reasonable principles. When programs purchase items, the provider must evaluate if the cost is necessary and meets a program objective. Reasonable cost must meet the following criteria:

- The cost must be ordinary and necessary for the operation of the organization
- Provide evidence of efficient performance of the federal grant award
- Follow sound business practices
- Display fair market prices for comparable goods or services
- Demonstrate discretion concerning state and local laws for federal grant awards
- Act with discretion under the circumstances
Definitions for Equipment and Supplies

- **Equipment** is tangible personal property having a useful life of more than one year and a per-unit cost which equals or exceeds $5,000. *Prior approval is required to purchase equipment.* If equipment is included in your budget submitted for approval, that cost should be considered approved unless you are notified otherwise. Examples of equipment include:
  - Classroom Projectors/Smartboards
  - Laboratory Equipment
  - Reproduction and Printing Equipment
  - Assistive Device Technology

- **Supplies** are all tangible personal property with a per-unit cost which is less than $5,000, regardless of the length of its useful life. Examples of supplies include:
  - Computing Devices
  - Textbooks

CFR 200.33
The purpose of the supplement not supplant clause is to ensure that state and other non-federal funding sources are not replaced by AEFLA funding.

- **Supplant**—Replacing an original funding source with the supplemental funding source.
- Supplemental funds should be used to increase the level of funds made available to the adult education program.
- Federal funds may **NOT** be used to pay for services, staff, programs, or materials that would otherwise be paid with state or local funds.
Top Ten Ways to Get Budget Approval at the Beginning of the Program Year

1. Budget the correct amount. Include all Title II federal and matching (state and/or private) funds.
2. Use the correct budget form.
3. Itemize expenditures under each heading.
4. Display calculations required to arrive at totals on the right side of the form.
5. Include two signatures of two different individuals at the bottom.
6. Know what can be included in indirect costs.
7. Know when prior approval is necessary.
8. Know what the term "equipment" means on a federal budget.
9. Know what the term "supplies" means.
10. Save and submit to project.ncperkins.org in PDF format.
## Budget Approval Form

**NCCCS 2-34**

### NORTH CAROLINA STATE BOARD OF COMMUNITY COLLEGES

### NORTH CAROLINA COMMUNITY COLLEGE SYSTEM

**BUDGET APPROVAL**

**Identify the Grant - 231, 243, or 225**

**PROVIDER NAME & FEDERAL ID #**

**EFFECTIVE DATES**

Upon recommendation of the North Carolina Community College System the following budget is allotted for the above indicated purpose and period.

|   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
| A. | Salaries, Instructional |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
| B. | Salaries, Non-Instructional |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
| C. | Employer’s Retirement |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
| D. | Employer’s Social Security |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
| E. | Employer’s hospitalization |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
| F. | Educational Supplies and Materials |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |

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**NORTH CAROLINA COMMUNITY COLLEGE SYSTEM**
Budget Transfers During the Program Year

- Title II award recipients must specifically request approval if the following occurs:
  - Transfers of **10%** or more of the overall budget
  - Change in scope or the objective of the project or program
  - Change in key personnel specified in the application for Federal award
  - Disengagement from the project for more than three months or a 25% reduction in time
  - Transfer from costs associated with serving students to other categories of expense
  - Transferring or contracting out any work to an agency or individual not listed in the initial approved budget.

Your request for approval should be requested in an email addressed to howellj@nccommunitycolleges.edu.
Budget Transfer Form
NCCCS 2-36

<table>
<thead>
<tr>
<th>Organization Name &amp; Federal ID</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost Items</td>
<td>Prior Budget</td>
</tr>
<tr>
<td>A. Salaries, Instructional</td>
<td>$ -</td>
</tr>
<tr>
<td>B. Salaries, Non-Instructional</td>
<td>$ -</td>
</tr>
<tr>
<td>C. Employer’s Retirement</td>
<td>$ -</td>
</tr>
<tr>
<td>D. Employer’s Social Security</td>
<td>$ -</td>
</tr>
<tr>
<td>E. Employer’s Hospitalization</td>
<td>$ -</td>
</tr>
<tr>
<td>F. Educational Supplies and Materials</td>
<td>$ -</td>
</tr>
<tr>
<td>G. Equipment (must be pre-approved)</td>
<td>$ -</td>
</tr>
<tr>
<td>H. Contractual Services</td>
<td>$ -</td>
</tr>
<tr>
<td>I. Staff Travel</td>
<td>$ -</td>
</tr>
<tr>
<td>J. Staff Training</td>
<td>$ -</td>
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<tr>
<td>K. Administrative Costs/Indirect Costs</td>
<td>$ -</td>
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<tr>
<td>L. Salaries</td>
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<tr>
<td>M. Other Expenses</td>
<td>$ -</td>
</tr>
<tr>
<td>N. Indirect</td>
<td>$ -</td>
</tr>
</tbody>
</table>

NOTE: In the Budget Adjustment column, transfers must be zero. Transfers out must be in brackets and transfers in must be positive. Reversions must be reflected in brackets and additional budget awarded must be positive.

We hereby request line item budget adjustments as approved by the North Carolina Community College System.
References

• NCCCS Records Retention and Disposition Schedule

• US Department of Education

• State Aid Allocations and Budget Policies
  • [http://www.nccommunitycolleges.edu/sites/default/files/basic-pages/finance-operations/0.budgetpackage;text_1.0_college_print.pdf](http://www.nccommunitycolleges.edu/sites/default/files/basic-pages/finance-operations/0.budgetpackage;text_1.0_college_print.pdf)

• Accounting Procedures Manual and Reference Guide
  • [https://www.nccommunitycolleges.edu/college-and-career-readiness/wioa-aefla](https://www.nccommunitycolleges.edu/college-and-career-readiness/wioa-aefla)
Questions

Still more questions, email us.
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