

MDOE

Federal Grant Management



**WHAT DOES THE UNIFORM GRANT
GUIDANCE MEAN TO YOU?**

What is the Uniform Grant Guidance?



- Published by Federal Office of Budget and Management
- Consolidates eight previously governing OMB Circulars
- Contents of guidance focus on outcomes from use of funds
- Strengthens oversight and targets fraud, waste and abuse
- Effective as of December 26, 2014
- **Electronic Resources:**

Part 200—Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards:

<http://www.ecfr.gov>

Technical assistance documents from US DOE:

<http://www2.ed.gov/policy/fund/guid/uniform-guidance/index.html>

MDOE responsibilities under UGG



- Ensure that all sub recipients have the proper internal control systems to ensure fiscal responsibility
- Increased oversight for sub recipients and contractors paid with Federal funds, to include completion of risk assessments to set monitoring priorities for risk mitigation
- Approval of indirect cost rates for sub recipients
- Enhanced documentation to show effort in ensuring sub recipients exercise fiscal responsibility

Sub recipient responsibilities under UGG



- Ensure that costs charged to Federal grants are necessary, reasonable and allocable (accurately attributable to the grant)
- Take timely and appropriate action on any findings issued as a result of MDOE monitoring and/or annual audit
- Respond to MDOE requests for information and/or documentation in a timely manner
- For sub recipients desiring an indirect cost rate, sub recipient must complete application for approval submission; as the approver, MDOE cannot not do it “on behalf”. School units need to understand implications of recovering indirect costs

Indirect Cost Rates - Overview



- Under the Uniform Grant Guidance, pass through entities are required to allow sub recipients to invoice for indirect costs
- While it is a requirement for MDOE to allow sub recipients to invoice, it is not a requirement for sub recipients to seek rate approval
- Before MDOE can approve sub recipient indirect cost rates, a rate calculation plan must be approved by US DOE
- MDOE is working with MAXIMUS Consulting to create a plan to submit to US DOE for approval
- US DOE approval is time consuming therefore, MDOE has no date certain when indirect cost rate approval may be offered to sub recipients

Indirect Cost Rate Components



- **System Administration (function 2300 series and 2500 series)**
- **Operations and Maintenance (function 2600 series)**
- **Extensive documentation required as part of application**
 - Accounting system reports
 - Organizational chart
 - Subcontractor/sub awards
 - Square foot allocations
 - Paid leave at termination
 - Internal service funds

Indirect Cost Rate Considerations



- No double recovery of costs – if a cost is included in the indirect cost rate calculation, it cannot also be charged as a direct cost to the grant.
- Recovery of indirect cost charges will be posted as general fund revenue under revenue codes for operation and maintenance and system administration
- Indirect cost revenue to the general fund will reduce costs considered in both the tuition rate calculation and the calculation of EPS per pupil rates for system administration and operation and maintenance
- Recovery of indirect costs may adversely impact the excess cost calculation used to substantiate compliance in the use of Local Entitlement funds.
- Shifting of costs – no real “gain” in resources for students
- Application is extensive

Indirect Cost Rates – Next Steps



- **Await for approval of plan from US DOE**
- **Continue to work with MAXIMUS Consulting to create:**
 - Sub recipient application package
 - MDOE process for review and approval of sub recipient application
 - MDOE process for monitoring of indirect cost rate charges to Federal grants
 - Training materials

Summary



- Federal grant management requirements enhanced and now in effect for all Federal grants passed through MDOE
- Requirements are designed to improve outcomes and demonstrate results from use of funds
 - Monitoring based on annual risk assessments; higher risk = increased sub grantee responsibilities
 - ✦ More frequent submission of documentation to demonstrate that costs are necessary, reasonable and allocable
 - ✦ Participation in targeted training
 - ✦ Increased site visits by MDOE
 - ✦ Submission of corrective action plans for audit findings/site visit findings

Summary, continued



- **States now must recognize indirect cost rates for sub grantees who wish to invoice for indirect costs**
 - Indirect costs include certain system administration and operations and maintenance costs
 - ✦ Before seeking approval, sub grantees need to understand implications to tuition rates and EPS per pupil amounts
 - Before a system of sub grantee rate approval can be implemented, MDOE must have a rate calculation plan approved by US DOE
 - ✦ MDOE currently working with MAXIMUS Consulting to obtain US DOE approval
 - Once MDOE is approved, sub grantees may apply for rate approval with MDOE
 - ✦ Formal application process/template will be made available