

Fiscal Monitoring

Presenters:

Arseni Popov, Financial Management Specialist
U.S. Department of Education
Rehabilitation Services Administration

David Steele, Chief Fiscal Officer
U.S. Department of Education
Rehabilitation Services Administration



Fiscal Monitoring

Topics

- Fiscal Monitoring Background
- Fiscal Monitoring Focus
- Tips and Best Practices
- Fiscal Section of the RSA Document Request
- Questions and Answers

Fiscal Monitoring Background

The Federal Mandate

Section 107(a) of the Rehabilitation Act of 1973 (Act), as amended by title IV of the Workforce Innovation and Opportunity Act (WIOA), requires the Commissioner of the Rehabilitation Services Administration (RSA) to conduct annual reviews and periodic on-site monitoring of programs authorized under title I of the Act.



Fiscal Monitoring

- To fulfill, in part, the monitoring requirement, RSA developed the Monitoring and Technical Assistance Guide (MTAG). This tool is updated annually.
- The MTAG has a fiscal section titled *Allocation and Expenditure of VR and Supported Employment Program Funds*. This section serves as a foundation of fiscal monitoring.

Fiscal Monitoring Process

Selection of States:

Each fiscal year during the monitoring cycle, RSA selects approximately 10 States for monitoring using an accountability model. To monitor the VR program in a manner consistent with section 107 of the Act, as amended by WIOA, and the Department of Education's (Department) policies, RSA developed an accountability model to enable it to carry out monitoring activities while increasing the effective use of its resources to administer the VR program.

Accountability Model

The accountability model used to select States for FFY 2018 monitoring is comprised of five programmatic and two fiscal factors, for a total of seven performance indicators, as follows:

- The State percentage of individuals determined eligible for the VR program who received services;
- The State percentage of individuals determined eligible for the VR program who received VR services and achieved employment;
- The State percentage of individuals determined eligible for the VR program within 60 days after the date of application;

Accountability Model (cont.)

- The State percentage of individuals determined eligible for the VR program whose individualized plans for employment (IPE) were signed within 90 days after the determination of eligibility;
- The State median weekly earnings of individuals who received services and achieved competitive integrated employment outcomes;
- ***The amount of the State formula award allotment for the VR program as a percentage of the total Federal appropriation for the VR program; and***
- ***The State percentage of the required non-Federal share (match) provided for the VR program based upon the State's formula award allotment.***

Accountability Model (cont.)

- The performance measures included in the accountability model are subject to change from year to year depending upon the program focus.

Fiscal Monitoring

Site visits are conducted primarily to review grantee adherence to fiscal requirements; however, they also allow Financial Management Specialists to:

- 1) Meet with State grantees, and
- 2) Provide customer service and technical assistance (TA).

Tips and Best Practices

- Respond to the document request as timely as possible so there is opportunity for RSA staff to review the documentation and request any additional documentation that may be needed before the onsite visit.
 - It would be helpful to provide RSA with a user-friendly document reference for all uploaded or emailed files.
 - If you don't have the requested documentation, just let us know.

Tips and Best Practices (cont.)

- Determine the right staff to have available for the onsite discussions.
- Review fiscal tables prior to the visit and prepare supporting documentation.
- Be prepared to explain State specific jargon. Be aware of the potential for misunderstandings due to different definitions or terminology.

Tips and Best Practices (cont.)

- Prior to a monitoring visit, RSA typically offers a series of pre-onsite meetings.
 - One of the meetings is reserved for fiscal. Be prepared to participate and feel free to ask questions or request clarifications.
- Know your processes and be able to document steps.

Tips and Best Practices (cont.)

- Be prepared to have a walk-through your accounting, financial, and case management systems.
- Ask for TA when needed! Fiscal monitoring is a two-way street: your questions can help other State agencies as well.

Note:

- Financial management specialists will not be able to answer any questions related to fiscal findings and observations while on-site.

Best Practices (cont.)

Be familiar with the following requirements:

I. General administrative requirements

- Primary: The Uniform Guidance located in 2 C.F.R. § 200; Education Department General Administrative Regulations (EDGAR) in 34 C.F.R. part 76; and
- Secondary: Departmental Guidance, such as Policy Directives (PDs), Technical Assistance Circulars (TACs), Frequently Asked Questions (FAQ).

Best Practices (cont.)

II. Program-specific requirements

- VR and Supported Employment program implementing regulations are located in 34 C.F.R. part 361 and 34 C.F.R. part 363 respectively; and
- Terms & Conditions.

Review of Documentation

Generally speaking, the financial management specialist is focused on the following documentation:

- A-133 audit findings and corrective actions;
- State/agency allocation/budget documents and annual fiscal reports;
- Agency policies, procedures, and forms (e.g., monitoring, personnel cost allocation, procurement, etc.);

Review of Documentation (cont.)

- Documentation of obligations and expenditures, including contracts, purchase orders, invoices, etc.; and
- Grant award notifications, documentation of non-Federal share/match (e.g., interagency transfers, third-party cooperative arrangements (TPCAs), establishment projects, private donations), maintenance of effort (MOE), and program income documentation.

Fiscal Monitoring Focus

As previously stated, fiscal monitoring is primarily concerned about general administrative requirements and program-specific requirements:

I. General Administrative Requirements

- Internal Controls;
- Prior Approval; and
- Personnel Cost Allocation.

Fiscal Monitoring Focus

(cont.)

II. Program-specific requirements

- Match (non-Federal share);
- Maintenance of Effort (MOE);
- Program Income;
- Third-Party Cooperative Arrangements (TPCAs); and
- Establishment Projects.

Note: Please remember that the review team may need to address other areas as well.

Fiscal Section of the RSA Document Request

- Prior to conducting the review, the review team provides the VR agency with a documentation request.
 - As previously mentioned, one of the sections of the document request is related to fiscal and titled **Allocation and Expenditure of VR and Supported Employment Program Funds.**
- Please start working on the fiscal portion of the request as soon as possible.

2013 Fiscal Findings

1. Third-party Cooperative Arrangements: Unallowable Expenditures;
2. VR Services Provided outside an Order of Selection; and
3. Documentation and Contract Monitoring.

Recent Fiscal Findings

1. Prior Approval –

Issue: Did the VR agency meet the prior approval requirements in 2 C.F.R. §200.407. This area of investigation is included on page 53 of the MTAG.

Recent Fiscal Findings (cont.)

2. Internal Controls

Issue: Does the VR agency maintain effective internal control over the Federal award to provide reasonable assurance that the VRS agency is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the award. This area of review is included on pages 52 and 53 of the MTAG.

Recent Fiscal Findings (cont.)

A. No Policy Governing Rates of Payment for Services

Because the VR agency does not have written policies that govern the rate-setting methodology the agency uses to assign costs for purchased VR services, and, further, has no clear guidelines for staff to follow in determining when to authorize certain services, the agency cannot ensure that all expenditures incurred for the provision of purchased VR services are allowable, reasonable, and allocable to the VR program.

Recent Fiscal Findings (cont.)

B. Insufficient Contract Internal Controls to Ensure Accountability –

The Uniform Guidance at 2 C.F.R. §200.303(c) requires grantees to have internal controls sufficient to ensure the grantee evaluates and monitors the agency's activities to ensure compliance with Federal requirements. In addition, 2 C.F.R. §200.328(a) requires VR agencies to be responsible for the operations of all grant-supported activities.

Recent Fiscal Findings (cont.)

RSA found no evidence that the VR agency was monitoring the activities of the contractor as a VR service provider as it is required to do by 2 C.F.R. §200.328(a). As such, the VR agency was not exercising its responsibility to evaluate and monitor the activities of any of these service providers, including the contractor itself, thereby creating an unnecessary risk to Federal funds.

Recent Fiscal Findings (cont.)

C. Inadequate Contract Performance Measures –

The VR agency failed to implement appropriate contract performance measures, it did not comply with 2 C.F.R. §200.302(b)(4), which requires non-Federal entities to adequately safeguard all assets and assure that they are used solely for authorized purposes, and §200.318(b), *which requires that non-Federal entities maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.*

Recent Fiscal Findings (cont.)

D. Inaccurate Financial Reporting

The VR agency did not satisfy the requirements in 34 C.F.R. § 361.12, 34 C.F.R. § 76.702, and 2 C.F.R. § 200.302 to accurately account for and report the financial results of all Federally-assisted activities, as the agency was not accurately reporting all Federal and non-Federal obligations and expenditures incurred by the agency. Additionally, the agency did not have sufficient internal controls to ensure all Federal reports accurately account for Federal and non-Federal obligations and expenditures in the VR and supported employment programs.

Recent Fiscal Findings (cont.)

3. Assignment of Obligations and Expenditures to the Correct Federal Award

Issue: Does the VR agency assign obligations and expenditures to the correct Federal award in accordance with 34 C.F.R. §361.12, 2 C.F.R. §200.302, and 34 C.F.R. §76.702. This area of review is included on pages 52 and 53 of the MTAG.

Recent Fiscal Findings (cont.)

4. Incorrect Assignment of Personnel Costs to the VR Program

Issue: Did the VR agency meet the personnel cost allocation requirements in 2 C.F.R. §§ 200.430 and 200.431. This area of monitoring is included on page 53 of the MTAG.

Recent Fiscal Findings (cont.)

As a result of this analysis, the VR agency did not satisfy the personnel cost allocation requirements in the Uniform Guidance (2 C.F.R. §§ 200.430 and 431), as the agency was improperly charging personnel costs for staff working on the non-VR programs solely to the VR award.

Recent Fiscal Findings (cont.)

5. Funding Mechanism for One-Stop Infrastructure Costs Not Consistent with Requirements

Issue: Does the VR agency meet requirements to fund infrastructure costs in accordance with 34 C.F.R. §§ 361.700, 361.705, 361.715, and 361.725, 2 C.F.R. §§ 200.403, 200.404, and 200.405, and 34 C.F.R. § 76.50.

Recent Fiscal Findings (cont.)

The VR agency did not meet the joint one-stop requirements in 34 C.F.R. part 361, subpart F, related to MOU and infrastructure cost requirements, because it did not participate in local funding mechanism negotiations, utilized elements of the State funding mechanism when it was not triggered, and cannot account for the reasonable, necessary, allocable, or allowable use of Federal VR funds.

Recent Fiscal Findings (cont.)

6. Third-Party Cooperative Arrangements – Unallowable Match

Issue: Does the VR agency meet third-party cooperative arrangement (TPCA) requirements in 34 C.F.R. § 361.28, including match requirements for the VR program in 34 C.F.R. § 361.60. This area of review is included on page 55 of the MTAG.

Recent Fiscal Findings (cont.)

The VR agency did not meet the VR requirements in 34 C.F.R. § 361.28 or 34 C.F.R. § 361.60, related to non-Federal share under TPCAs and the VR program, because it did not implement internal controls to document and track cooperating agency staff time spent working on the TPCA that could have been certified as match for the VR program.

Questions



If you have any additional questions after the presentation, please email them to RSAfiscal@ed.gov.

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