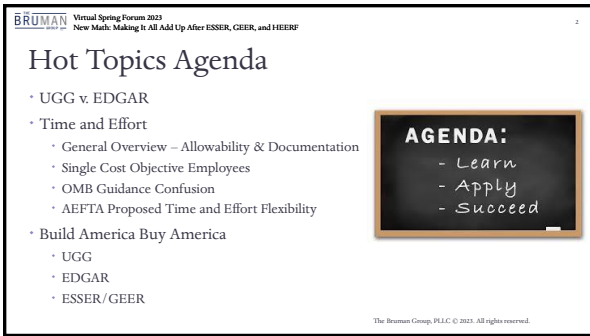


THE BRUMAN GROUP
Virtual Spring Forum 2023
EDGAR/UGG Hot Topics

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 May 4, 2023

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 New Math: Making It All Add Up After ESSER, GEER, and HEERF

Hot Topics Agenda

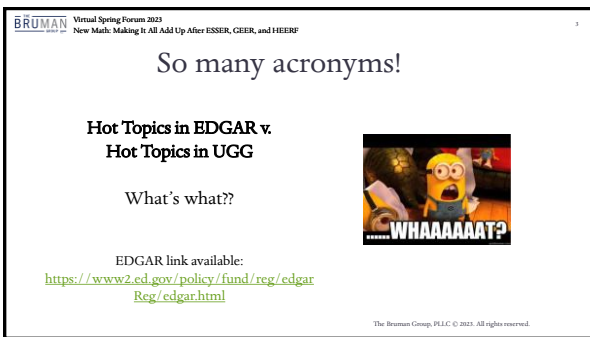
- UGG v. EDGAR
- Time and Effort
 - General Overview – Allowability & Documentation
 - Single Cost Objective Employees
 - OMB Guidance Confusion
 - AEFTA Proposed Time and Effort Flexibility
- Build America Buy America
 - UGG
 - EDGAR
 - ESSER/GEER

AGENDA:

- Learn
- Apply
- Succeed

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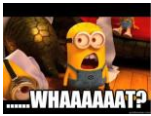


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So many acronyms!

Hot Topics in EDGAR v.
Hot Topics in UGG

What's what??



EDGAR link available:
<https://www2.ed.gov/policy/fund/reg/edgar/Reg/edgar.html>

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EDGAR v. UGG

- The Education Department General Administrative Regulations (EDGAR) includes various grants management rules applicable to all federal awards issued by the U.S. Department of Education (ED).
- The Uniform Grant Guidance (UGG) are federal grants management rules that apply to all awards issued by all federal awarding agencies.
 - Created and amended by the Office of Management and Budget (OMB)

EDGAR incorporated the UGG back in 2014 →
Parts 74 and 80 of EDGAR were replaced with 2 CFR Part 200

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All Time and Effort costs must be Allowable

Basic Factors of Allowability 200.403 - To be allowable, a cost must:

- Be necessary, reasonable and allocable
- Comply with the cost principles and federal award
- Be consistent with policies and procedures applying uniformly to federal and non-federal activities and costs
- Be consistently treated as either direct or indirect costs
- Be determined in accordance with GAAP
- Not be included or used to meet cost sharing / match requirements
- Be adequately documented
- Be incurred during approved budget period (NEW)

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Who is required to keep time and effort?

Are they an employee?			
Yes	No (e.g. contractors)	I don't know	
Are they paid with federal funds?			
Yes	No	No T&E Required	Ask HR
Salary used for match?			
T&E Required	No	Yes	
	No T&E Required	T&E Required	

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Salary Allowability

- Must meet the general allowability rules and be necessary, reasonable, allocable to the federal award.
- Reasonable = compensation is consistent with that paid for similar work in the nonfederal entity or comparable to the labor market. 2 CFR 200.430(b)
- Allocable = time and effort documentation



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Incentive Pay

- Allowable to the extent that the total compensation is determined to be reasonable
- AND**
- Costs are paid or accrued pursuant to an agreement entered into good faith before the services were rendered or follow an established plan that is followed consistently. 2 CFR 200.430(f)



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Standards for Documentation of Personnel Expenses 200.430(i)(1)

Time and effort records MUST:

1. Be supported by a system of internal controls which provides reasonable assurance charges are accurate, allowable and allocable;
2. Be incorporated into official records;
3. Reasonably reflect total activity for which employee is compensated;
4. Encompass all activities (federal and non-federal);
5. Comply with established accounting policies and practices; and
6. Support distribution among specific activities or cost objectives.

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Track Time by Cost Objective

Cost Objective 200.1

- **Program, function, activity**, award, organizational subdivision, contract, or work unit *for which cost data are desired* ...
- Examples: set-asides, mandatory spending caps, etc.

CORRECT	INCORRECT
Title I Admin	Title I
Title I Program	Title II
Title I Parent and Family Engagement	IDEA
Title I Equitable Services Admin	Perkins
Title I Equitable Services Program	


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T&E For Single Cost Objective Employees?

<p>Lean Yes</p> <ul style="list-style-type: none"> • "Charges ... must be based on records that reflect the work performed" and "budget estimates ... alone do not qualify as support", which continue to support the idea of having after-the-fact confirmation of an employee's work, even if that work is on a single cost objective. 2 CFR 200.430(i)(1). 	<p>Lean No</p> <ul style="list-style-type: none"> • Additional time and effort documentation is only needed to "support the distribution of the employee's salary or wages among specific activities or cost objectives [plural]..." 2 CFR 200.430(i)(1)(vii) (emphasis added).
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T&E For Single Cost Objective Employees?

- Compliance Supplement 2021:
 - "For an employee who works solely on the consolidated administrative cost objective, an SEA or LEA is not required to maintain records reflecting the distribution of the employee's salary and wages among the programs included in the consolidation."
 - "For an employee who works solely on a single cost objective (e.g., a single federal program whose funds have not been consolidated or federal programs whose funds have been consolidated but not with state and local funds), an LEA is not required to maintain records reflecting the distribution of the employee's salary and wages, including among the federal programs included in the consolidation, if applicable."



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2022 OMB Compliance Supplement - Time and Effort Policies

- Written policies/procedures exist outlining processes and control activities for personnel costs coded to federal awards
- Management establishes responsibility and accountability for control activities with management (or other designated personnel) of the unit or function in which the relevant risks reside.
- Responsible personnel perform control activities in a timely manner as defined by policies and procedures.
- Management periodically reviews control activities to determine their continued relevance and refreshes them, as necessary.


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ESSER/GEER Time and Effort

- “[A]uditors should note that SEAs, LEAs, IHEs, and other subrecipients will not need to maintain time distribution records.” – 2020 Compliance Supp.
 - 2 CFR 200.430(i) applies to ESSER/GEER funds, but notes that there are “very few situations” in which this would apply
- “[A]uditors should note that SEAs, LEAs, IHEs, and other subrecipients must maintain time distribution records for all employees including when an individual employee is splitting their time between activities that are allowable and unallowable under all ESF programs.” - Aug 2021 Comp. Supp.



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ESSER/GEER Inventory & Equipment Disposition

Inventory Management
2 CFR § 200.313



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Disposition under ESSER/GEER

- Equipment
 - Tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost that equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes or \$5,000. (2 CFR 200.1)
- Supplies
 - All tangible personal property that is not equipment. A computing device is a supply if the acquisition cost is less than the lesser of the capitalization level established by the non-Federal entity for financial statement purposes or \$5,000, regardless of the length of its useful life. (2 CFR 200.1)
 - Computing Devices

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General Disposition Rule

- Equipment and supplies purchased with ESSER or GEER funds:
 - may be used by States or LEAs for the authorized purpose during the period of performance
OR
 - until the equipment and supplies are no longer needed for the purposes of the ESSER or GEER program.
- If the equipment or supplies are no longer needed for purposes of the ESSER or GEER program, a State or LEA may:
 - continue to use the equipment and supplies to the extent they are needed for allowable purposes under another Federal education program in which the State or LEA participates,
OR
 - use the equipment or supplies for a Federal program of another Federal awarding agency


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Disposition of Equipment by SEA

- For States that used ESSER or GEER funds to purchase **equipment** and find that the item is **not needed** for authorized purposes under ESSER or GEER or for any of the State's other Federal programs, a State must dispose of the equipment in accordance with State laws and procedures.
 - Includes EANS property.
 - See ED Guidance (August 2022): <https://oese.ed.gov/files/2022/08/EANS-Disposition-Clarification-8-2-22.pdf>



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Disposition of Equipment by LEA


- LEAs that used ESSER or GEER funds to purchase equipment and find that the item is **not needed** for authorized purposes under ESSER or GEER or for any of the LEA's other Federal programs,
 - and where the equipment has a current per unit fair market value of \$5,000 or less, may be retained, sold, or otherwise disposed of without additional responsibility to the Department.
- If an item of equipment has a current per unit fair market value in excess of \$5,000, the LEA may retain or sell the equipment.
 - In this case, USED is entitled to an amount calculated by multiplying the current fair market value or proceeds from the sale by the Department's share or proportion of the cost of the original purchase. (2 CFR 200.313(e)).
 - Plus keep up to \$500 for administrative costs.

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Disposition of Supplies



- If there is a residual inventory of supplies that are **not needed** exceeding \$5,000 in total aggregate value, the State or LEA may retain or sell the supplies but, in either case, must compensate the Department for its share per 2 CFR 200.313(e)(2).
 - A State or LEA may calculate the total aggregate value when disposition occurs (e.g., at the end of each year for which supplies are disposed).
- A State or LEA must make a **good faith effort to sell unneeded supplies** purchased with ESSER or GEER funds in accordance with 2 CFR 200.314(a) and document its efforts. If a State or LEA cannot find a buyer and cannot use the supplies itself, the State or LEA has no further obligation to the Department.

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What if Equipment & Supplies ARE still needed?

- Equipment
 - Equipment must be used by the State /LEA as long as needed, whether or not the project or program continues to be supported by the Federal award (2 CFR 200.313(c)(1)).
- Supplies
 - Generally – supply disposition required when “not needed”
 - Therefore, no reason to remove if documented need still exists. 2 CFR 200.313(e)(2).

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What about items at Private Schools?

- Equipment and supplies purchased by an LEA with CARES Act funds to provide equitable services in a non-public school may be used for the authorized purposes of a CARES Act program during the period of performance (i.e., through September 30, 2022) **or until the equipment and supplies are no longer needed for the purposes of the program** (34 CFR 76.661(b); 2 CFR 200.313 and 200.314(a)).
 - If an LEA determines, in consultation, that non-public school students and teachers continue to need such equipment and supplies for the purposes of the CARES Act program beyond the period of performance, the LEA may, but is not required to, continue to permit non-public school students and teachers to use the equipment and supplies.
- If an LEA permits use to continue beyond the period of performance, the LEA must continue to maintain title to, and keep administrative control over, the equipment and supplies.

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Items at Private Schools


- Maybe
- If no longer needed for the CARES Act program, then the CARES Act equipment and supplies:
 - Can be used for another federally-funded program at the private school (i.e., another equitable services or applicable program);
 - Can be transferred to the LEA or other public entity for purposes of another federally funded program; or
 - Can be otherwise disposed of based on fair market value.

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Any Questions?



Email the BruMan team at:
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 with any unanswered questions.

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