

# MICHIGAN DEPARTMENT OF EDUCATION RAG FISCAL COMPLIANCE

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## **MDE INDICATORS OF FISCAL COMPLIANCE FOR ON-SITE MONITORING AND REVIEW**

The purpose of this document is to provide schools and districts with a framework for the compliance requirements of the Title I, Part A Grants to Local Education Agencies-Regional Assistance Grants (RAG) authorized by the Elementary and Secondary Education Act of 1965 (ESEA), as amended, Title I, Part A, 20 U.S.C. 6301 (“No Child Left Behind Act of 2001”). It serves as a guide for monitoring and support activities conducted by the Michigan Department of Education. The key components of the document reflect a comprehensive review and alignment with federal regulations: 34 CFR 200 and Improving Basic Programs Operated by LEAs; OMB Circulars No. A-102 and No. A-87 apply to this program (this program is excluded from coverage under OMB Circular No. A-110); 2011 OMB Circular A-133 Compliance Supplement; and Education Department General Administrative Regulations (EDGAR) in the Appendix to 34 CFR 80. Examples of evidence of implementation at the school-level and at the district-level are provided. Examples of evidence are intended as a “guide” and should not be considered a restricted list.

The following items should be available for review during the on-site monitoring visit. (These items will encompass the *Examples of Evidence* as noted in the chart below).

- Board minutes
- Copies of approved Title I, Regional Assistance Grant (RAG) application and all related budget amendments
- Personnel information
  - List of RAG assigned personnel
  - Job descriptions
  - Copies of contracts for RAG employees
  - Semi-annual certifications
  - Personnel Activity Reports
  - Time and attendance records
  - Payroll Distribution Report
- Evidence of expenditures
  - ISD purchasing policy and procedures
  - District detail budget report
  - Purchase orders, contracts, invoices, etc. available on site
  - Bids for goods and services

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- Evaluation of bids, contracts, and/or awards
  - Request for Proposals, if applicable
  - Proof of advertisements (method of dissemination or posting, and length of posting)
  - Evaluation documentation
  - Documentation of Board approval of award or contract
  - Contracts with terms and conditions, if applicable
- Cash Management
  - Documentation to support request for funds
- Inventory of Assets/Supplies/Materials/Equipment
  - Inventory of supplies, materials or equipment purchased with RAG funds by school, building and room location, if applicable

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Activities Allowed or Unallowed Allowable Cost/Cost Principles	Examples of Evidence	Comments/Notes
<p>1. Is it evident that budgets and expenditures for the Regional Assistance Grant (RAG) are:</p> <ul style="list-style-type: none"> <li>a. Allocable?</li> <li>b. Reasonable and necessary?</li> <li>c. Meeting program intent and purposes?</li> <li>d. Aligned with the approved application on file at the SEA?</li> <li>e. Obligated and liquidated in accordance with the approved plan within the approved grant period?</li> </ul> <p>Authority: OMB Circular A-87:  <a href="http://www.whitehouse.gov/omb/circulars/a087_2004/">http://www.whitehouse.gov/omb/circulars/a087_2004/</a></p>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Regional Assistance Grant Service Plans (program applications)</li> <li><input type="checkbox"/> Evidence of expenditures (ISD detail budget report, purchase orders, contracts, staffing, invoices, etc.) available on-site. Project expenditures directly and obviously support the Service Plans submitted by the ISD for the districts and schools identified in the Service Plans.</li> <li><input type="checkbox"/> Other _____</li> </ul>	
<p>2. Has the ISD submitted amendments to request changes in the Title I, Regional Assistance Grant (RAG), and was MDE approval granted prior to implementation of program modifications?</p> <p>Authority: 34 CFR EDGAR 80.30:  <a href="http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&amp;SID=086932763f55a79ee96960031ae55099&amp;rgn=div5&amp;view=text&amp;node=34:1.1.1.1.26&amp;idno=33">http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&amp;SID=086932763f55a79ee96960031ae55099&amp;rgn=div5&amp;view=text&amp;node=34:1.1.1.1.26&amp;idno=33</a></p>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Approved budget amendments in MEGS+</li> <li><input type="checkbox"/> Approved updated RAG Service Plans in MEGS+ (if modification was necessary)</li> </ul>	

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<p>3. Is it evident that contracts and agreements for products and services are made in accordance with applicable federal, state, and local regulations as well as audit guidelines?</p> <p>Authority: 34 CFR EDGAR 80.36:  <a href="http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&amp;SID=086932763f55a79ee96960031ae55099&amp;rgn=div5&amp;view=text&amp;nod e=34:1.1.1.1.26&amp;idno=34">http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&amp;SID=086932763f55a79ee96960031ae55099&amp;rgn=div5&amp;view=text&amp;nod e=34:1.1.1.1.26&amp;idno=34</a></p>	<p><input type="checkbox"/> Copies of contracts and agreements</p> <p><input type="checkbox"/> ISD purchasing policies and procedures</p> <p><input type="checkbox"/> ISD purchasing policies and procedures followed?</p>	
<p>4. Is time and effort documentation available, approved, and signed by appropriate individuals, if applicable?</p> <p>Authority: OMB Circular A-87, Appendix B to Part 225, 8(h)  <a href="http://www.whitehouse.gov/omb/circulars_a087_2004/">http://www.whitehouse.gov/omb/circulars_a087_2004/</a></p> <p>See also, MDE resources, Sample Written Procedures:  <a href="http://michigan.gov/mde/0,1607,7-140-6530_9091---,00.html">http://michigan.gov/mde/0,1607,7-140-6530_9091---,00.html</a></p>	<p><input type="checkbox"/> List of RAG funded personnel/positions</p> <p><input type="checkbox"/> Personnel Activity Reports (PARS) signed by the staff</p> <p><input type="checkbox"/> Semi-annual certifications signed by the supervisor</p> <p><input type="checkbox"/> Job descriptions</p> <p><input type="checkbox"/> Payroll records</p> <p><input type="checkbox"/> Work schedules</p>	
<p>5. Are there employees that are partially paid (less than 1 full FTE) from RAG funds?</p>	<p><input type="checkbox"/> Financial records</p> <p><input type="checkbox"/> Other _____</p>	

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<p>6. For employees paid from multiple funding sources, do timesheets properly reflect work performed in each cost objective/index code?</p>	<p><input type="checkbox"/> Personnel Activity Reports (PARS) completed and signed by the staff/employee?</p> <p><input type="checkbox"/> Job descriptions</p> <p><input type="checkbox"/> Payroll records</p> <p><input type="checkbox"/> Work Schedules</p>	
<p>7. If salaries are prorated and not paid from one funding source, are benefits prorated based on the funding ratio? MDE will verify a sample of transactions.</p>	<p><input type="checkbox"/> Payroll records</p> <p><input type="checkbox"/> Financial records</p>	
<p>8. Does the ISD exercise administrative control and assume responsibility for monitoring the funded programs to ensure compliance with any formal agreements and applicable statutory requirements?</p> <p>Authority: 34 CFR 80.40(a)  <a href="http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&amp;SID=086932763f55a79ee96960031ae55099&amp;rgn=div5&amp;view=text&amp;node=34:1.1.1.1.26&amp;idno=34">http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&amp;SID=086932763f55a79ee96960031ae55099&amp;rgn=div5&amp;view=text&amp;node=34:1.1.1.1.26&amp;idno=34</a></p>	<p><input type="checkbox"/> ISD-level person assigned to monitor the program(s)</p> <p><input type="checkbox"/> Written records/schedules of monitoring visits</p> <p><input type="checkbox"/> Budget and expenditure reports</p>	
<p>9. Were RAG funds used to reimburse expenditures made prior to the release of the RAG funds?</p>	<p><input type="checkbox"/> ISD Financial records</p> <p><input type="checkbox"/> Other _____</p>	

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Cash Management	Examples of Evidence	Comments/Notes
<p>10. Review of CMS and accounting records to compare actual request for funds that the funds drawn to determine if they were for reimbursement or for the immediate needs of the district. Immediate need is defined as disbursed within 72 hours of receipt.</p>	<p> <input type="checkbox"/> ISD Financial records  <input type="checkbox"/> CMS Drawdown logs and fund requests  <input type="checkbox"/> Other _____                 </p>	

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Matching, Level of Effort, Earmarking - Supplement Not Supplant	Examples of Evidence	Comments/Notes
<p>11. An ISD that uses RAG funds to serve one or more Title I Priority school may use RAG funds only to supplement the amount of non-Federal funds that the school would otherwise have received, including those funds necessary to provide services required by law for students with disabilities and limited English proficient students. RAG funds are used only for purposes and purchases that supplement those the school would otherwise provide with non-Federal funds.</p> <p>Authority: ESEA §1120(A)(b); §1115(b)(3)                      Special Rule:  <a href="http://www2.ed.gov/policy/elsec/leg/esea02/pg2.html#sec1120A">http://www2.ed.gov/policy/elsec/leg/esea02/pg2.html#sec1120A</a></p>	<p><input type="checkbox"/> Financial records</p> <p><input type="checkbox"/> Other _____</p>	

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Period of Availability	Examples of Evidence	Comments/Notes
<p>12. Does the ISD have records to support whether funds were obligated and liquidated within the approved RAG grant period?                      Authority: OMB Circular A-87:  <a href="http://www.whitehouse.gov/omb/circulars_a087_2004/">http://www.whitehouse.gov/omb/circulars_a087_2004/</a></p>	<p><input type="checkbox"/> ISD Financial records  <input type="checkbox"/> CMS Final Expenditure Reports  <input type="checkbox"/> Other _____</p>	
<p>13. Has the ISD submitted amendments to request changes in the categories of the approved grant?                      Authority: Authority: 34 CFR EDGAR 80.30: <a href="http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&amp;SID=086932763f55a79ee96960031ae55099&amp;rgn=div5&amp;view=text&amp;node=34:1.1.1.1.26&amp;idno=34">http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&amp;SID=086932763f55a79ee96960031ae55099&amp;rgn=div5&amp;view=text&amp;node=34:1.1.1.1.26&amp;idno=34</a></p>	<p><input type="checkbox"/> Approved MEGS+ amendments  <input type="checkbox"/> Other _____</p>	
<p>14. Did the amounts expended during the grant period agree with the <b>activities</b> in the approved application? Were the proper budget amendments made in MEGS+? Were there changes to the RAG Service Plan, if necessary?                      Authority: EDGAR Section 80.20(b)(4):                      Authority: 34 CFR EDGAR 80.30:  <a href="http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&amp;SID=086932763f55a79ee96960031ae55099&amp;rgn=div5&amp;view=text&amp;node=34:1.1.1.1.26&amp;idno=34">http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&amp;SID=086932763f55a79ee96960031ae55099&amp;rgn=div5&amp;view=text&amp;node=34:1.1.1.1.26&amp;idno=34</a></p>	<p><input type="checkbox"/> RAG Grant Application and Amendments  <input type="checkbox"/> MEGS+ Approved Budget  <input type="checkbox"/> Final Expenditure Reports (FERs)  <input type="checkbox"/> Purchase orders, invoices, checks, etc.  <input type="checkbox"/> Other _____</p>	

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<p>15. Does the ISD maintain separate accounting records of funds made available under the Regional Assistance Grant (RAG)?</p> <p>Authority: EDGAR Section 80.20(b)(2): Authority: 34 CFR EDGAR 80.30: <a href="http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&amp;SID=086932763f55a79ee96960031ae55099&amp;rgn=div5&amp;view=text&amp;nod e=34:1.1.1.1.26&amp;idno=34">http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&amp;SID=086932763f55a79ee96960031ae55099&amp;rgn=div5&amp;view=text&amp;nod e=34:1.1.1.1.26&amp;idno=34</a></p>	<p><input type="checkbox"/> ISD Expenditure reports</p> <p><input type="checkbox"/> General Ledger</p> <p><input type="checkbox"/> RAG Specific Ledger</p> <p><input type="checkbox"/> Review and observation of accounting procedures (accounting manual)</p> <p><input type="checkbox"/> Other _____</p>	
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Procurement and Suspension and Debarment	Examples of Evidence	Comments/Notes
<p>16. Does the ISD have procurement policies in place that are in alignment/agreement with Federal requirements? Authority: 2 CFR section 215.43:  <a href="http://www.law.cornell.edu/cfr/text/2/215.43">http://www.law.cornell.edu/cfr/text/2/215.43</a>; 34 CFR EDGAR 80.35:  <a href="http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&amp;SID=086932763f55a79ee96960031ae55099&amp;rgn=div5&amp;view=text&amp;nod-e=34:1.1.1.1.26&amp;idno=35">http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&amp;SID=086932763f55a79ee96960031ae55099&amp;rgn=div5&amp;view=text&amp;nod-e=34:1.1.1.1.26&amp;idno=35</a></p> <p>Other sources of information for use in implementation of procedures include the OMB Circular A-133 Compliance Supplement 2011:  <a href="http://www.whitehouse.gov/omb/circulars/a133_compliance_supplement_2011">http://www.whitehouse.gov/omb/circulars/a133_compliance_supplement_2011</a>                      See in particular: Part 3 – Compliance Requirements</p> <p>See also #19 below.</p>	<p><input type="checkbox"/> ISD Board policies and procedures for assuring that vendors are not suspended or debarred from receipt of federal funds?</p> <p><input type="checkbox"/> Other, documentation of how the ISD has determined that a vendor has not been suspended or debarred, or other means of assuring compliance with the requirements.</p>	

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<p>17. Does the ISD have written procurement policies and procedures that address the following:</p> <p style="padding-left: 20px;">a. Selection procedures require that solicitations incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured, identify all requirements that the contractors must fulfill, and include all other factors to be used in evaluating bids or proposals</p> <p style="padding-left: 20px;">b. Ethical conduct</p> <p>Authority: EDGAR 80.36:  <a href="http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&amp;SID=086932763f55a79ee96960031ae55099&amp;rgn=div5&amp;view=text&amp;nod e=34:1.1.1.1.26&amp;idno=34">http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&amp;SID=086932763f55a79ee96960031ae55099&amp;rgn=div5&amp;view=text&amp;nod e=34:1.1.1.1.26&amp;idno=34</a> and  <a href="http://www.law.cornell.edu/cfr/text/2/215.44">http://www.law.cornell.edu/cfr/text/2/215.44</a></p>	<p><input type="checkbox"/> ISD Board policies and procedures</p> <p><input type="checkbox"/> Other documentation that the requirements have been met.</p>	
<p>18. How does the ISD verify the legitimacy/allowability of transactions related to grant expenditures? MDE will verify that different individuals are initiating and reviewing/approving transactions.</p>	<p><input type="checkbox"/> Financial records</p> <p><input type="checkbox"/> Purchase orders</p> <p><input type="checkbox"/> Other documentation of compliance with policy and procedures on internal controls.</p>	

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<p>19. How does the ISD ensure contracts or sub-grants are not awarded to suspended or debarred parties?          Authority: EDGAR 80.35:  <a href="http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&amp;SID=086932763f55a79ee96960031ae55099&amp;rgn=div5&amp;view=text&amp;node=34:1.1.1.1.26&amp;idno=34">http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&amp;SID=086932763f55a79ee96960031ae55099&amp;rgn=div5&amp;view=text&amp;node=34:1.1.1.1.26&amp;idno=34</a></p> <p>OMB Circular A-102          Other sources of information for use in implementation of procedures include the OMB Circular A-133 Compliance Supplement 2014:  <a href="http://www.whitehouse.gov/omb/circulars/a133_compliance_supplement_2014">http://www.whitehouse.gov/omb/circulars/a133_compliance_supplement_2014</a>          See in particular: Part 3 – Compliance Requirements, pages 3-I-2 and 3-I-5; see also: OMB guidance in 2 CFR, part 180:  <a href="http://cfr.regstoday.com/2cfr180.aspx">http://cfr.regstoday.com/2cfr180.aspx</a>          Search on System for Award Management (Search Records):  <a href="https://www.sam.gov/portal/SAM/?portal:componentId=8e1441a6-72e4-4ab0-86a8-b0884f22dc78&amp;interactionstate=JBPNs_r00ABXc0ABBFanNmQnJpZGdIVmIld0kAAAAAQATL2pzZi9m dW5jdGlvbmFsLmpzcAAHX19FT0ZfXw**&amp;portal:type=action#1">https://www.sam.gov/portal/SAM/?portal:componentId=8e1441a6-72e4-4ab0-86a8-b0884f22dc78&amp;interactionstate=JBPNs_r00ABXc0ABBFanNmQnJpZGdIVmIld0kAAAAAQATL2pzZi9m dW5jdGlvbmFsLmpzcAAHX19FT0ZfXw**&amp;portal:type=action#1</a></p>	<p><input type="checkbox"/> Financial records</p> <p><input type="checkbox"/> ISD Board policies and procedures for assuring that vendors are not suspended or debarred from receipt of federal funds?</p> <p><input type="checkbox"/> Other, documentation of how the ISD has determined that a vendor has not been suspended or debarred, or other means of assuring compliance with the requirements.</p>	
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<p>20. A sample of procurement documents will be selected and reviewed for:</p> <p>a. the rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis of contract price</p> <p>b. evidence that procurements are secured through full and open competition</p> <p>c. Single source procurement instances – evidence and rationale to limit competition in those cases where appropriate and a determination if the limitation was justified</p>	<p><input type="checkbox"/> Board minutes</p> <p><input type="checkbox"/> Bid files</p> <p><input type="checkbox"/> Evaluations of bids</p> <p><input type="checkbox"/> Other documentation of compliance with requirements for competition</p>	
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<p>d. evidence that contract files exist and that appropriate cost or price analysis was performed in connection with procurement actions, including contract modifications and that this analysis supported the procurement action.</p> <p>e. evidence that Federal awarding agency approved procurements exceeding \$100,000 when such approval was required. Procurements (1) awarded by noncompetitive negotiation, (2) awarded when only a single bid or offer was received, (3) awarded to other than the apparent low bidder, or (4) specifying a “brand name” product.</p> <p>f. evidence of compliance with other procurement requirements specific to the award.</p> <p>Authority: 2 CFR sections 215.45: <a href="http://www.law.cornell.edu/cfr/text/2/215.45">http://www.law.cornell.edu/cfr/text/2/215.45</a> 215.46: <a href="http://www.law.cornell.edu/cfr/text/2/215.46">http://www.law.cornell.edu/cfr/text/2/215.46</a> 215.43: <a href="http://www.law.cornell.edu/cfr/text/2/215.43">http://www.law.cornell.edu/cfr/text/2/215.43</a> and 215.44(e): <a href="http://www.law.cornell.edu/cfr/text/2/215.44">http://www.law.cornell.edu/cfr/text/2/215.44</a></p>		
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21. Do contractual services include appropriate RAG terms and conditions?	<input type="checkbox"/> Contracts for contractual services	
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Reporting	Examples of Evidence	Comments/Notes
22. What method is used in compiling and reporting the key data elements for RAG reporting and has the entity passed-through funding to any sub-recipients?	<input type="checkbox"/> Board minutes <input type="checkbox"/> Bid files <input type="checkbox"/> Invoices <input type="checkbox"/> Other _____	
23. Has the RAG 2011-2012 End of Year Report been submitted to the MDE?	<input type="checkbox"/> End of Year Report <input type="checkbox"/> Other _____	

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Fixed Assets	Examples of Evidence	Comments/Notes
<p>24. Evidence of a fixed asset inventory for items purchased with RAG funds.</p>	<p><input type="checkbox"/> Fixed asset policies and procedures</p> <p><input type="checkbox"/> Fixed asset inventory of equipment purchased with RAG funds by funding source, building and room location of the item(s).</p> <p><input type="checkbox"/> Items bear an inventory or identification tag and are consistent with the fixed asset inventory list.</p> <p><input type="checkbox"/> Other _____</p>	