
VIRTUAL FINANCIAL MANAGEMENT INSTITUTE

Perkins Financial Management and Reporting



U.S. Department of Education • Office of Vocational and Adult Education • Division of Academic and Technical Education



101 Module introduction

Summary

The **Financial Management and Reporting** module provides an overview of the financial status report and the Consolidated Annual Report (CAR) reporting process.

Topics

This module contains the following topics:

- Statutory and regulatory requirements for financial management and reporting
- Allowed, unallowed, and indirect costs
- The interim and final financial status report
- Using CAR to complete and submit financial status reports



101 Module objectives

Goals

It's important to be aware of the requirements for managing how Perkins grant awards are spent. This module will help you understand how to administer, record, and report the interim and final financial status of a Perkins grant.

Objectives

After completing this module, you should be able to:

- List the applicable financial management and reporting statutes and regulations.
- Identify costs as allowed, unallowed, or indirect.
- Describe the purpose of the interim and final financial status reports.
- Use CAR to complete and submit a financial status report.



101 Relevant regulations

Federal requirements

If information is not directly addressed in the Perkins IV statute, the Education Department General Administrative Regulations (EDGAR) will apply.

Relevant sections

The section of EDGAR that lists the additional Federal requirements for Perkins grants is 34 Code of Federal Regulations (CFR) Parts 76 and 80.



101 Statutory requirements for state set-asides

Section 112 Section 112 of the Perkins IV law contains the specific statutory requirements with regards to state set-asides.

Administration Set-asides must be not more than 5% or \$250,000 of State allocations, whichever of the two amounts is greater.

State leadership Set-asides can be up to 10% of state allocations.

- Non-traditional institutions can set aside \$60,000 to \$150,000.
- State institutions can set aside up to 1%.

Flow-through funds Set-asides to secondary and postsecondary subrecipients should be no less than 85% of state allocations. Up to 10% of the 85% can be reserved.



101 EDGAR: 34 CFR Part 76

CFR Part 76

34 CFR Part 76 of EDGAR applies to State-administered programs and covers topics such as:

- How a State applies for a grant
- How a grant is made to a State
- How to apply to the State for a sub-grant
- How a sub-grant is made to an applicant
- The conditions that must be met by the State and its sub-grantees



101 EDGAR: 34 CFR Part 80

CFR Part 80

34 CFR Part 80 of EDGAR outlines the uniform administrative requirements for Perkins grants and covers topics such as:

- Pre-award requirements, such as State plans
- Post-award requirements, such as allowable costs, equipment, and financial reporting



101 OMB: Circular A-87

- Circular A-87** OMB Circular A-87, "Cost Principles for State, Local, and Indian Tribal Governments," contains regulations relevant to determining allowable costs for Perkins grants in two sections.
- Attachment A** Part C2 of the "General Principles for Determining Allowable Costs" will help you identify if the selected costs are "necessary and reasonable."
- Attachment B** The "Selected Items of Costs" analyzes 43 selected items, including compensation for personal services, equipment, and travel costs.



101 Indirect and direct costs

About indirect costs

Indirect costs represent the expenses of doing business that are not readily identified with a particular grant, contract, project function, or activity, but are necessary for general operation of the organization and the conduct of activities it performs. Looking at it another way, indirect costs are those costs that are not classified as direct.

Direct costs

Direct costs can be identified specifically with particular cost objectives. Direct costs generally include:

- Salaries and wages
- Fringe benefits
- Consultant service contracts
- Travel
- Materials, supplies, and equipment
- Communication costs

Let's take a look at how these costs should be managed and reported.



101 Determining indirect costs

Approving indirect costs

The Federal agency is responsible for approving indirect cost rates for recipients based on an indirect cost proposal submission.

Calculating indirect costs

The indirect cost proposal or cost allocation plan should identify all the activities carried on by the Department or unit and their attendant costs. Indirect costs can be calculated by:

1. Incorporating costs allocated according to the central service cost allocation plan
2. Classifying the activities and their costs as direct or indirect
3. Eliminating capital expenditures and unallowed costs
4. Dividing the total remaining indirect costs by the direct cost base

All activities must be included regardless of the source of funds used to pay for them.



101 Understanding cost issues

Reviewing costs A risk-based approach and improved procedures, including suggestions made by grantees, will be used to review costs associated with Perkins grants.

Cost issues The following costs may become issues:

- Unused leave payments
- Sub-award treatment
- Time distribution issues
- Determining cognizance
- Treatment of equipment
- Restricted indirect cost rates
- Retirement incentives
- Administrative cost limitations

Let's take a look at how these costs should be managed and reported.



101 Unused leave payments

Applicable regulations

According to the OMB Circular A-87, Attachment B, 8.d.(3), payments for unused leave are allowed as long as they are allocated as a general administrative expense. Employees may only receive payments for unused leave when they retire or terminate their employment.

Unused leave payments should not be charged directly to Federal programs.



101 Subaward treatments

Definition

A subaward is the use of Federal funds to carry out a program. Operational and professional services contracts are not considered subawards.

Only the first \$25,000 is included in the modified total direct costs base.



101 Time distribution

Applicable regulations

Issues of time distribution are outlined in OMB Circular A-87, Attachment B, 8.h: *Support of Salaries and Wages*. Time distribution issues are identified using payroll documentation.

Personnel activity reports

If charges are made to a single Federal award, a semi-annual certification is required. Charges to multiple cost objectives require personnel activity reports (PARs). The requirements for a PAR include:

- Multiple Federal awards
- A Federal award and a non-Federal award
- Indirect and direct cost activities
- Two or more indirect activities allocated using different allocation bases
- Unallowable activity along with direct or indirect cost activity



101 Cognizance

Applicable regulations

Take a look at the table below to view how cognizance is determined.

RECIPIENT	COGNIZANT AGENCY	OMB CIRCULAR
LEA	SEA	A-87
Nonprofit with subaward from SEA and direct assistance from Department of Labor (DOL)	DOL	A 122
Nonprofit with subaward from SEA and other private revenue	SEA	
Community college with subaward from SEA and no other federal funding except student aid	SEA	Zoom Destination
Community college with subaward from SEA and direct grants from Department of Education	DHHS	



101 Cost of equipment

Treating cost of equipment

The cost of equipment should not be included in the rate calculation. To treat the cost of equipment:

- Determine the capitalization threshold
- Observe consistency in calculating the cost of equipment
- Do not apply the indirect cost rate to the cost of equipment



101 Restricted indirect cost rates

Using indirect cost rates

Programs with “supplement, not supplant” requirements can use indirect cost rates.

Grantees must use restricted rates to recover indirect costs on restricted programs. These programs are listed in the Restricted Programs Listing.



101 Retirement incentives

Appropriate use of retirement incentives

Other than the normal costs associated with separating employees, retirement incentives can be used for:

- Buyouts
- Special severance packages
- Reductions in workforce

Applicable regulations

According to OMB Circular A-87, the use of retirement incentives requires prior approval from the cognizant Federal agency before these costs can be charged directly or indirectly.



101 Administrative costs

Limitations on administrative costs

There is a programmatic limitation on administrative costs, which must include both:

- Direct administrative costs
- Indirect costs

Administrative costs require a multi-step calculation to determine which costs are allowed.



101 Financial status report

Definition

A financial status report (FSR) is a record of expenditure activities of a Federal grant award.

Description

The FSR is made up of two types of forms which are used to list all expenditures for the Title I Basic Grant and the Title II Tech Prep Grant.

Final

An FSR is not considered final until all grant funds have been:

- Obligated and liquidated; or
- Returned to the U.S. government.



101 EDGAR regulations

Federal regulations

You must follow two specific Federal regulations when working with financial status reports. These provisions can be found in the Education Department General Administration Regulations (EDGAR).

34 CFR 80.41

This regulation outlines the general reporting requirements associated with the financial status report, such as:

- The forms to use;
- How frequently they should be filed; and
- When they are due.

34 CFR 80.23(b)

According to this regulation, States have 90 days to liquidate all obligations after the end of the funding period (9/30) to coincide with the submission of the FSR.



101 Interim status report form

Description

The interim status report form records and reports expenditures during the first 12 to 15 months of the Perkins grant.

Uses

The interim status report form is used:

- To determine how quickly States are obligating and liquidating grant funds
- As a tool by Federal reviewers and auditors to identify possible compliance issues
- To identify whether States are consolidating all or part of their Title II funds with their Title I funds



101 Interim FSR best practices

Resources

Before completing the interim FSR, you should have a copy of the:

- *Financial Status Report instructions*
- *Basic reporting requirements*
- *Interim FSR template*

You can download these files from the **Resources** link.

Rows A through W

These are programmatic set-asides of the Perkins IV legislation for the Title I Basic Grant and the Title II Tech Prep Grant.

Columns 1 through 11

These columns include:

- Column 1 will always have a value of zero.
- Column 10 is the proposed State budget for Title I and II.
- Column 11 is the balance of unobligated funds that must be obligated before the end of the 27-month Perkins grant period.



101 Final status report form

Description

The final status report form records and reports expenditures during the entire 27 months of the Perkins grant, which includes the:

- Initial Federal funding period of 15 months; and
- Final Tydings amendment period of 12 months.

Uses

The final status report form is used to determine if States have met specific compliance requirements, specifically Section 112.

Section 112 set-asides

Some examples of Section 112 set-asides include:

- No greater than 5% administration and 10% state leadership
- No less than 85% to subrecipients
- Tech Prep administration "reasonable and necessary" provisions contained in government-wide cost principles



101 Final FSR best practices

Resources

Before completing the final FSR, you should have a copy of the:

- *Financial Status Report instructions*
- *Final FSR template*

You can download these files from the **Resources** link.

Rows A through W

These are programmatic set-asides of the Perkins IV legislation for the Title I Basic Grant and the Title II Tech Prep Grant.

Columns 1 through 11

These columns include:

- Column 1 is the same amount as column 5 of the interim FSR for the grant.
- Column 11 should reflect balances of zero if the grant has been obligated and liquidated. If not, any remaining unobligated funds should be returned to the Federal government.



101 CAR reporting process

Description The Consolidated Annual Reporting system (CAR) enables you to use Microsoft Excel or a Web-based process to complete and submit the financial status report.

Using Microsoft Excel You can use Microsoft Excel to complete the interim and final financial status report forms. From the CAR Web site, you can download a blank Financial Status Report Workbook which you can complete and submit for approval.

Using the CAR site You can also use the CAR Web site to complete and submit the financial status report. From the CAR site, you can complete the interim or final financial status report forms, save any entered data, and submit the forms for approval.



101 Log in to CAR

Instructions

To log into the CAR Web site:

- Go to www.PerkinsCAR.com.
- Select your State from the **Login** drop-down menu.
- Enter your State password in the **Password** text box.
- Click the **Login** button.

Result

You will be logged into the CAR Web site.



101 CAR login information

State Director

The State Director will receive a Personal Identification Number (PIN).

State Fiscal Agent

The State Fiscal Agent is the lead individual who prepares the FSR at the State level. They will receive a separate PIN and must be identified on the cover page of the CAR.



101 FSR technical assistance

Reporting requirements

If you require assistance with the CAR reporting requirements, CAR instructions, or need a PIN, please contact Sharon Head via phone at (202) 245-6131 or e-mail at Sharon.Head@ed.gov.

Uploading CAR data

If you require assistance with uploading or entering data to the database, CAR error message, or system problems with the final CAR submission, please contact John Vavricka at perkins-help@mprinc.com.

Completing FSRs

If you require assistance with completing an FSR, please contact Andrew Johnson via phone at (202) 245-7786 or e-mail at Andrew.Johnson@ed.gov.



101 Module summary

Overview

The **Financial Management and Reporting** module has provided you with an overview of the financial status report and CAR reporting process.

Objectives

Now that you have completed this module, you should be able to:

- List the statutes and regulations that govern financial management and reporting.
- Identify costs as allowed, unallowed, or indirect.
- Describe the purpose of the interim and final financial status reports.
- Use CAR to complete and submit a financial status report.



101 Additional resources

Office of Management and Budget

- [OMB Circular No. A-133](#)
- [June 2010 Compliance Supplement](#)
- [March 2009 Compliance Supplement](#)

Advanced Government Accountability

The Partnership for Intergovernmental Management and Accountability is dedicated to identifying and solving the management and accountability issues facing governments today.

- [Risk Assessment Monitoring Tool](#)
- [Financial and Administrative Monitoring Tool](#)

Department of Education

- [Indirect Cost Group](#)

Department of Health and Human Services

- [HHS C-10](#)



101 Additional resources

Higher education, hospitals, and non-profits

Applicable to institutions of higher education, hospitals and non-profits.

- OMB Circular A-133 .400(d)(3), issued under the Single Audit Act of 1984, P.L. 98-502, and the Single Audit Act Amendments of 1996, P.L. 104-156.
- Single Audit Act, 1996 Amendments, 31 U.S.C. §7502(f)(2)(B).
- OMB A-133 Compliance Supplement, Part 3, § M.
- Title 34, Parts 74-99 of the Code of Federal Regulations (CFR), collectively referred to as the Education Department General Administrative Regulations, or EDGAR.

State, local, and Indian tribal governments

Applicable to state, local and Indian tribal governments.

- U.S. Department of Education Grant Bulletin, Assessing Grant Applicant and Grant Recipient Risk Prior to Making New and Continuation Awards, GB #11-01, effective June 1, 2011.



101 Audit resources

General Accounting Office

- [GAO Policy and Procedures Manual Guidance for Federal Agencies](#) (replaces GAO Yellow Book)
- [How to Avoid a Substandard Audit: Suggestions for Procuring an Audit](#) (National Intergovernmental Audit Forum; May 1988)
- [Internal Control Management](#), GAO 01-1008G
- [Standards for Internal Control](#), GAO/AIMD 00-21.3.1
- [Performance & Accountability Challenges and High Risk](#), GAO 01-159SP

Federal Audit Databases

- [Catalog of Federal Domestic Assistance - Federal Award Programs](#)
- [Federal Audit Clearinghouse - Single Audit SF-SAC Data](#)



101 Additional information

Contact list

- To learn more about financial management and reporting, contact Andrew Johnson by e-mail at andrew.johnson@ed.gov or call 202-245-7786.
- For questions concerning indirect costs, e-mail IndirectCostGroup@ed.gov.
- To learn more about Perkins funding strategies or maintenance of effort, contact Len Lintner by e-mail at len.lintner@ed.gov or call 202-245-7741.
- To learn more about the single audit process, contact John Miller by e-mail at john.miller@ed.gov or call 202-245-7713.
- To learn more about subrecipient monitoring, contact Edward Smith by e-mail at edward.smith@ed.gov or call 202-245-7602.