

South Carolina Department of Education Updates

SCASBO 2020 SPRING CONFERENCE

“A Shared Vision”

March 5, 2020

Molly M. Spearman – State Superintendent of Education

Budget Data

- Projected Weighted Pupil Units for FY 21 (79 local districts only)-994,184
- Estimated Base Student Cost -\$3,164
- SCDE Requested BSC- \$2,564 (\$75 increase)
- Ways & Means BSC- \$2,500 (\$11 increase)
- Estimated SE Average Teacher Salary-\$54,165

Budget (Ways & Means)

- State Aid to Classrooms- EFA /Fringe- \$26.38 million
 - \$11 increase to the EFA (BSC) portion
- Teacher Salary Increase- \$213.45 million
 - \$3,000 per teacher
 - Increased the minimum to \$38,000
 - Loaded to 3186 and includes fringe

Budget (Ways & Means)

- Funding for Retirement Contribution Increase-
 - EIA- \$4.2 million
 - General Fund- \$32.4 million (approximately \$17 million relates to school districts)
- Funding for Health Insurance Increase
 - \$38.9 million (roughly half is for school districts)

Budget (Ways & Means)

- School resource officers- \$10 million
 - ITA and need
 - Removed the cap of no more than 4 SROs per district
- Capital Improvement Projects –\$60 million non-recurring
 - Consolidation
 - 70% or higher poverty or an index of taxpayer ability less than .009

Budget (Ways & Means)

- Instructional materials- \$76.5 million non-recurring
- Buses
 - \$3 million recurring
 - \$22.5 million non-recurring
- Virtual SC (7 FTEs and certified adjuncts)- \$2,610,000 recurring

Budget (Ways & Means)

- Industry Credentials - \$3,000,000 non-recurring
- SDE Grants Committee- \$7,000,000
- Computer Science-
 - \$700,000 Certification and professional learning
 - \$568,000 Regional Computer Science Specialist
- Student Information System-
 - \$5,160,000 recurring
 - \$10,000,000 non-recurring
- Full day 4K expansion public- \$37,638,643 recurring

Provisos

CERDEP *(selected portions only)*

- *Beginning with the current fiscal year, eligible students residing in any school district may participate in the South Carolina Early Reading Development and Education program (CERDEP) pending the availability of space and funding. Student eligibility as defined by Section 59-156-130 of the 1976 Code is an annual family income of one hundred eighty-five percent or less of the federal poverty guidelines as promulgated annually by the United States Department of Health and Human Services or a statement of Medicaid eligibility.*
- *Beginning with the current fiscal year, public schools and independent schools participating in CERDEP shall not be required to be approved, registered, or licensed by the Department of Social Services in order to participate in CERDEP.*
- *For each school district that chooses not to participate in the full-day 4K program, the district shall receive the same amount of EIA funds as allocated in the prior fiscal year for the provision of a half-day 4K program from the funds appropriated to the Department of Education for CERDEP or from any funds carried forward from the prior fiscal year to CERDEP.*

Provisos

Reading Coaches:

- **1.60.** (SDE: Reading/Literacy Coaches) (A) For the current fiscal year, of the funds appropriated for Reading/Literacy Coaches, the Department of Education shall retain up to \$14,000,000 to be expended for the Palmetto Literacy Project. The Department shall identify schools in the Palmetto Literacy Project that have one-third or more of its third-grade students scoring at the lowest achievement level on the statewide summative English language arts assessment. For each school identified and participating in the Palmetto Literacy Project in the prior school year, the Department of Education will provide, at a minimum, the following support: provision of reading specialists, professional learning, and curriculum resources based on the science of reading. The reading specialist/coaches provided to the Palmetto Literacy Project schools will be hired and evaluated annually by the Department of Education.
- (B) The balance of funds appropriated to the Department for Reading/Literacy Coaches shall be allocated to school districts for schools not included in the Palmetto Literacy Project to support reading instruction and interventions which may include, but not be limited to, hiring reading/literacy coaches, interventionists, or professional development based on the science of reading. Expenditure of funding must be included in the district reading plan approved by the Department of Education.

Provisos

- 108.12. (PEBA: Return to Covered Employment) In the current fiscal year, a retired member of the South Carolina Retirement System or the Police Officers Retirement System may be hired and return to employment covered by any system provided for by law, without regard to earnings, without affecting the monthly retirement allowance the member is receiving from the system *if the member has not been engaged to perform services for a participating employer in any system provided for by law for compensation in any capacity, whether as an employee, independent contractor, leased employee, joint employee, or other classification of worker, for a period of at least twelve consecutive months subsequent to retirement.* Before utilizing this provision, a member must certify to the system that he satisfies the requirements of this provision. If a member inaccurately certifies that he satisfies the requirements, the member is responsible for reimbursing the system for any benefits wrongly paid to the member.

Reminders

- Employee vs. Contractor
- Retiree earnings limitation waiver process
- PEBA credit
- Fiscal Impacts

Questions

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SCDE Financial Update

- Financial Services Update
- Grants/GAPS
- Fiscal Practices
- Finance Boot Camp





Financial Services Updates

Molly M. Spearman – State Superintendent of Education

Dates to Remember

- **March 23rd**
 - Membership and Student Accountability reporting opens

- **April 15th**
 - Membership and Student Accountability reporting closes
 - Home Instruction

- **April 30th**
 - 135-day PCS funding updates

- **June 30th**
 - Final changes in PCS
 - Funding Flexibility

DON'T MISS
THE DEADLINE!

Importance of Pupil Accounting

- Provide average daily membership (ADM) to calculate weighted pupil units (WPU's) for EFA and most EIA funding.
- Additional Resource
 - Pupil Accounting Manual
 - [Pupil Accounting Manual](#)
 - Guide for Running Funding Reports
 - [EFA/EIA Guide for Running Funding Reports](#)

Pupil Accounting Verification

- Select data extracts for funding and upload
- Verify data from SCDE reports match extract data
- Email signed Pupil Accounting and Student Accountability Reports to SCDE
 - Membership and Attendance
 - Additional Student Weightings
 - Cumulative Class

SC EDUCATOR

- Pilot Testing- 2nd week of March.
- SC Educator Training- First two weeks of May (All Districts).
- Go Live Date -August 2020.

Financial Office Contacts

- Melanie Cooper- Accounting/Fiscal Manager
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- Desiree Williams-Accounting/Fiscal Analyst III
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Questions





Grants Update (GAPS)

Molly M. Spearman – State Superintendent of Education

GAPS

- Final submission deadline for June 30, 2020 , Expenditures will always be August 15, 2020, regardless of the award period of the grant and/or the day of the week that this date falls on.
- **Quarterly Expenditure Reporting Required**
 - Due by end of month following end of quarter once budget has been approved
 - If these aren't submitted timely, risk assessment score can go up

Accessing GAPS

- To access GAPS you must create a Community User account in South Carolina Department of Education Member Center and then request a role in GAPS
- Districts have Web Access Coordinators that will assign GAPS roles. This is not a function of SC Dept. of Education Grants Accounting section. If you have problems accessing GAPS, please email grantsaccounting@ed.sc.gov

GAPS Role Descriptions

Three roles are needed in GAPS for each grant

- Grant Coordinator – Enter Budget and Budget Amendments
- Grant Sub Recipient Finance – Approve Budget and Enter Expenditures
- Grant Accounting Finance Approver – Approve Expenditures

Reimbursement of Expenditures

- Weekly payments are processed on Monday – cutoff for expenditure submission to SCDE Finance by Sub Recipient for inclusion in Monday payments is Friday at 5pm
- Tuesday morning – reports are run and weekly cash draw from Federal Grantor is processed
- Wednesday – Checks cut/direct deposits/LGIP transfers made to all Sub recipients
- Please reconcile your books – If you have entered an expenditure and it was Submitted to SCDE Finance before COB on Friday at 5pm, the payment should be in your account by the end of the next week. You can also check the Weekly Payment report on SCDE website.

FUTURE QUESTIONS/ISSUES

- Questions related to **Budget/Budget Amendment Status** need to go to the specific SCDE Program Office – Grants Accounting Staff can't approve or return these items
- Questions related to **Expenditures/Expenditures Refunds Status** need to be sent to the SCDE Grants Accounting Office at grantsaccounting@ed.sc.gov.
- GAPS issues should be explained and screenshots taken of each step being taken and sent to the Grants Accounting Office at grantsaccounting@ed.sc.gov. Please do not enter an SCDE Helpdesk ticket, these may not be addressed immediately because they are based upon priority rules and typically the issues are not system related and therefore get forwarded to grants accounting for resolving. Grants accounting will open a helpdesk ticket if it is needed.
- **Assistance with running reports.** Please send your question to grantsaccounting@ed.sc.gov and one of the Grants Accounting Section Team Members will give either give you a call back or send instructions via email to get you to the information that you need.
- You're always welcome to copy the assigned Grants Accountant on these email submissions. However, the grants email box is monitored all day and chances are you'll hear back from someone more quickly when your question is submitted through this box. Also, this allows us to maintain a tracking system so we can watch for potential issues affecting multiple users so we can begin trouble shooting the issue.



SCDE Statewide Program on Fiscal Practices Update S.C. Code Ann. § 59-20-90(A) (2018)



Molly M. Spearman – State Superintendent of Education

Fiscal Practices Summary

- After the FY18 audits, we had 11 districts on declaration.
 - 4 at a watch status; 4 at a caution status; 3 at emergency status
 - Primary factor for declaration: 5 were on declaration related to non-compliance of minimum fund balance requirement; 5 were on declaration for repeat audit findings and 1 was on declaration for investigation
- Current status after review of the FY19 audits, we have 10 Districts on declaration.
 - Two districts were able to be removed from declaration, we were able to reduce a level of declaration for 1 district and 1 district came on watch declaration.
 - Recap- 1 in emergency status; 5 on caution status; 4 on watch status
 - Primary factor- 2 are related to non-compliance with minimum fund balance requirement, 1 investigation and 7 related to repeat audit findings
 - Two districts are being issued letters of intent of declaration and
 - We are still waiting on 1 audit report

Important reminder- this is the 3rd year of declarations. If your district has been on declaration for the last 3 years (any level) and upon review of the FY2020 audit your district is placed on declaration it will be at the emergency level.

Recovery Plan & Technical Assistance

- Recovery Plan required at all levels
- Recovery Plan update required each year
- SCDE provides technical assistance at all levels
- SCDE required to visit and inspect districts under Fiscal Caution & Fiscal Emergency



Fiscal Practices Contact Information

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Questions



COMEDY

JEOPARDY!





House Legislative Oversight Review

Molly M. Spearman – State Superintendent of Education

What is this legislative review and purpose of the review?

- **Committee Vision:** For South Carolina agencies to become, and continuously remain, the most effective state agencies in the country through processes which eliminate waste and efficiently deploy resources thereby creating greater confidence in state government.
- **Committee Mission:** Determine if agency laws and programs are being implemented and carried out in accordance with the intent of the General Assembly and whether they should be continued, curtailed or eliminated. Inform the public about state agencies.
- This review is performed on each state agency **every 7 years** on a annual rotating schedule. This year SCDE is in the rotation.
- At the end of the review process, the Legislative review committee issues a **Summary of Committee Recommendations and Findings.**

How it works

- Each Division/Office within the agency has to determine the laws that govern their everyday operations: state laws, federal laws, regulations and provisos.
- The agency must create a glossary of SCDE Acronyms.
- Each Division/Office then creates a list of deliverables that ensures that we are meeting the laws, regulations and provisos.
- These deliverables are then detailed out with specific measurable criteria and placed in presentation materials. Including discussing employee turnover.
- Each Division/Office presents this material to the committee and responds to any questions or follow-up information needed by the committee.

Mission and Vision

Mission: The mission of the Office of Finance is to provide sound, professional financial leadership and support to internal and external stakeholders; provide timely and accurate payments to school districts, vendors, and other entities; provide customer service of the highest quality to those within and outside of the agency: and to comply with all applicable federal and state laws and regulations.

Vision: To be an effective, efficient, and highly respected partner that provides relevant, progressive, forward thinking leadership and support to all stakeholders within and external to the agency.

Operations Under the Office of Finance:

- Financial Services
- Fiscal Practices
- Fiscal Accounting
- Instructional Materials
- Budgeting
- Grants Accounting

Intent

S.C. Code Ann 59-20-30

...to establish a procedure for the distribution of a specified portion of the state education funds so as to ensure that the funds are provided on the basis of need to the extent set forth by this chapter in order to guarantee a minimum level of funding for each weighted pupil unit in the State.

Deliverable: Distribute funding to State Agencies and Colleges or Universities

- **Single Unit Description:** Funding was distributed to a State Agency or College/University.
- **Total Deliverable Expenditures (operational and employee salary/fringe):**
 - **2017-2018:** \$10,973,855.64
 - **2016-2017:** \$14,441,323.17
 - **2015-2016:** \$13,159,590.17
- **Total deliverable expenditures as a percentage of total agency expenditures:**
 - **2017-2018:** .23%
 - **2016-2017:** .32%
 - **2015-2016:** .32%
- **Total employee equivalents required:**
 - **2017-2018:** .25
 - **2016-2017:** .25
 - **2015-2016:** .25

Deliverable: Distribute funding to School Districts or Counties and Local Government

- **Single Unit Description:** Funding was distributed to a School District or County/Local Government.
- **Total Deliverable Expenditures (operational and employee salary/fringe):**
 - **2017-2018:** \$4,399,132,789.18
 - **2016-2017:** \$4,239,432,462.04
 - **2015-2016:** \$3,855,697,978.80
- **Total deliverable expenditures as a percentage of total agency expenditures:**
 - **2017-2018:** 94.05%
 - **2016-2017:** 93.44%
 - **2015-2016:** 94.42%
- **Total employee equivalents required:**
 - **2017-2018:** 5.50
 - **2016-2017:** 5.50
 - **2015-2016:** 5.50

Deliverable: Provide leadership to internal staff related to funding and provide support to the school districts

- **Single Unit Description:** Provide leadership to the department and support to the school districts.
- **Total Deliverable Expenditures (operational and employee salary/fringe):**
 - **2017-2018:** \$2,287,158.26
 - **2016-2017:** \$4,921,864.55
 - **2015-2016:** \$1,735,606.74
- **Total deliverable expenditures as a percentage of total agency expenditures:**
 - **2017-2018:** .05%
 - **2016-2017:** .11%
 - **2015-2016:** .04%
- **Total employee equivalents required:**
 - **2017-2018:** 2.5
 - **2016-2017:** 3.0
 - **2015-2016:** 2.0

Deliverable: Provide financial transparency data and reports. Manage state's pupil accounting system (Financial Services).

- **Single Unit Description:** Provide financial transparency data and reports. Manage state's pupil accounting system.
- **Total Deliverable Expenditures (operational and employee salary/fringe):**
 - **2017-2018:** \$427,818.68
 - **2016-2017:** \$492,744.12
 - **2015-2016:** \$649,662.56
- **Total employee equivalents required:**
 - **2017-2018:** 1.25
 - **2016-2017:** 1.75
 - **2015-2016:** 1.25

Transparency Reports

- **In\$ite** – Proviso 1.25
 - Expenditures reported into five categories: Instruction, Instructional Support, Operations, Other Commitments, and Leadership
- **ESSA – Every Student Succeeds Act**
 - Personnel and non-personnel per pupil expenditures reported at the school level by source of fund: Federal vs. State/Local
- **F-33**
 - Revenues and expenditures reported following the USDE uniform chart of accounts

Deliverable: Visit school districts to ensure fiscal stability and compliance, provide technical assistance and issue declarations when necessary (Fiscal Practices).

- **Single Unit Description:** Visit school districts to ensure fiscal stability and compliance, provide technical assistance and issue declarations when necessary (Fiscal practice legislation that was passed in May 2017 59-20-90).
- **Total Deliverable Expenditures (operational and employee salary/fringe):**
 - **2017-2018:** \$307,920.31
 - **2016-2017:** \$0.00
 - **2015-2016:** \$0.00
- **Total employee equivalents required:**
 - **2017-2018:** 1.5
 - **2016-2017:** .0
 - **2015-2016:** .0
- **Total number of declarations issued:**
 - **2017-2018:** 12.0
 - **2016-2017:** .0
 - **2015-2016:** .0

Deliverable: Make timely deposits of cash and checks received from internal and external customers (Fiscal Accounting).

- **Single Unit Description:** Make timely deposits of cash and checks received from internal and external customers.
- **Total Deliverable Expenditures (operational and employee salary/fringe):**
 - **2017-2018:** \$107,684.13
 - **2016-2017:** \$105,731.85
 - **2015-2016:** \$113,102.77
- **Total employee equivalents required:**
 - **2017-2018:** 1.0
 - **2016-2017:** 1.0
 - **2015-2016:** 1.0
- **Total number of deposits made and total amount of deposits:**
 - **2017-2018:** 1,549; \$16,010,574.31
 - **2016-2017:** 1,578; \$13,981,102.18
 - **2015-2016:** 2,080; \$15,733,671.22

Deliverable: Review travel reimbursements to ensure compliance with regulations. Provide support to various audits by reporting procedures, supporting closing procedures and fulfilling requests for information as it relates to Statewide Financial Audit, Agreed Upon Procedure Audit and Recovery Audit. Processes invoices for payments related to agency goods and services (Fiscal Accounting).

- **Single Unit Description:** Process invoices for payments, review travel reimbursements for compliance with regulations and support various audits.
- **Total Deliverable Expenditures (operational and employee salary/fringe):**
 - **2017-2018:** \$1,067,259.24
 - **2016-2017:** \$1,101,916.83
 - **2015-2016:** \$1,165,557.90
- **Total employee equivalents required:**
 - **2017-2018:** 13.0
 - **2016-2017:** 11.0
 - **2015-2016:** 12.0
- **Total number of travel reimbursement documents processed and total number of invoices processed:**
 - **2017-2018:** 2,960; 23,998
 - **2016-2017:** 2,852; 35,451
 - **2015-2016:** 2,976; 41,947

Deliverable: Procure, receipt, review, distribute and maintain instructional materials.

- **Single Unit Description:** Procure, receipt, review, distribute and maintain instructional materials.
- **Total Deliverable Expenditures (operational and employee salary/fringe):**
 - **2017-2018:** \$20,031,069.59
 - **2016-2017:** \$53,092,256.56
 - **2015-2016:** \$56,799,373.54
- **Total deliverable expenditures as a percentage of total agency expenditures:**
 - **2017-2018:** .43%
 - **2016-2017:** 1.17%
 - **2015-2016:** 1.39%
- **Number of Instructional Materials Distributed:**
 - **2017-2018:** 593,250
 - **2016-2017:** 1,323,462
 - **2015-2016:** 1,655,445
- **Total employee equivalents required:**
 - **2017-2018:** 5.50
 - **2016-2017:** 5.50
 - **2015-2016:** 5.00

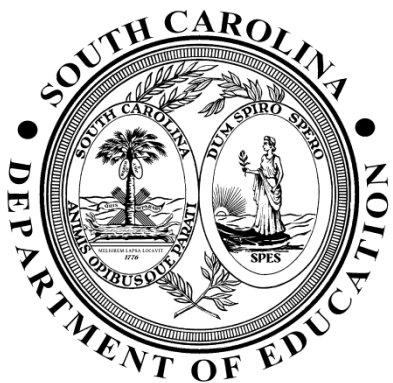
Deliverable: Prepare budget request, load budget appropriations, prepare budget transfers and update 3 year financial plan (Budget).

- **Single Unit Description:** Prepare budget request, load budget appropriations, prepare budget transfers and update 3 year financial plan.
- **Total Deliverable Expenditures (operational and employee salary/fringe):**
 - **2017-2018:** \$450,478.98
 - **2016-2017:** \$254,952.13
 - **2015-2016:** \$399,846.42
- **Total employee equivalents required:**
 - **2017-2018:** 1.5
 - **2016-2017:** 2.5
 - **2015-2016:** 1.0
- **Total number of budget transfers:**
 - **2017-2018:** 264
 - **2016-2017:** 327
 - **2015-2016:** 812

Deliverable: Prepare various federal grant reimbursement requests, prepare various federal grants reports and provide support to various audits by reporting procedures, supporting closing procedures and fulfilling requests for information as it relates to the Statewide audit, Single Audit, Agreed Upon Procedures Audit and various Federal government agency audits (Grants).

- **Single Unit Description:** Prepare and manage federal grant reimbursements and various federal grant reports along with supporting multiple annual audits.
- **Total Deliverable Expenditures (operational and employee salary/fringe):**
 - **2017-2018:** \$781,736.74
 - **2016-2017:** \$770,153.93
 - **2015-2016:** \$895,365.34
- **Total employee equivalents required:**
 - **2017-2018:** 2.90
 - **2016-2017:** 2.40
 - **2015-2016:** 2.90
- **Total amount of reimbursements requested:**
 - **2017-2018:** \$847,246,873.70
 - **2016-2017:** \$862,230,857.36
 - **2015-2016:** \$842,262,522.61
- **Total amount and percentage of reimbursement passed through to the school districts:**
 - **2017-2018:** \$790,051,524.20; 93.25%
 - **2016-2017:** \$817,347,004.70; 94.79%
 - **2015-2016:** \$794,636,152.30; 94.35%





SCDE Office of Auditing Services Update

SCASBO 2020 SPRING CONFERENCE

“A Shared Vision”

March 5, 2020

Molly M. Spearman – State Superintendent of Education

Status of Annual Audits

- Annual audits were due on December 2, 2019
- **Nine** reports were not received by the due date (including one report that is still outstanding)
- **Two** reports were received after 60 days of the deadline date – will be on a fiscal practices designation

Status of Annual Audits

- Templates need to be reviewed for errors
- Warnings need to be accepted before submission can be approved and marked as final
- Submit data collection form if you haven't already

Penalties for Late Audit Submission

- Districts received a rating of medium for an audit report submitted after the December 2 due date but within 30 days of the due date (January 1)
- Risk rating for audit report is high for submission more than 30 days after the due date (January 2 or later)
- Districts that submitted audit report more than 60 days late will be in a state of at least fiscal watch under the Act 23, Fiscal Practices Legislation (February 1 or later)

Status of Annual Audits

- 0 Audits with Modified Opinions on F/S
- 2 Audits with Modified Opinions on Federal Awards

Fiscal Practices Findings

- Fiscal Practices and Budgetary Conditions Act
 - 3 districts did not meet the General Unreserved Fund Balance test
 - 7 districts on a FP designation for audit findings
 - Repeat findings
 - Material weaknesses
 - 3 districts did not submit its audit report within 60 days of the audit deadline – will be placed on a fiscal practices designation

Common LEA Audit Findings

Common LEA Audit Findings

- Material misstatements
- Lack of documentation for expenditures
- Approval of expenditures
- Collateralization of bank deposits
- Inventory/Asset Management
- Classification of expenditures

Common LEA Audit Findings

- Reconciliations of bank statements
- Reconciliations of fund accounts
- CDL Drug and Alcohol testing
- Time and effort
- Cash management (not claiming reimbursements timely or not at all)
- General Fund Balance (Fiscal Practices)

Subrecipient Risk Assessment

SCDE's Subrecipient Risk Assessment Process

- Risk scores will be distributed this month
- The Office of Auditing Services will send correspondence to each District's Superintendent, School Business Official, and Federal Programs Director notifying them of the District's overall risk score
- All subrecipients who are identified as at risk of noncompliance (high risk) will be notified directly by the Office of the State Superintendent. The SCDE can and will impose specific subaward conditions, allowable under 2 CFR Part 200.207(b), on the federal funds that pass-through the SCDE to the subrecipient
- Medium risk subrecipients are urged to review the regulations in 2 CFR Part 200 and take immediate action, as nonfederal entities, to come into compliance

LEA Subrecipient Risk Assessment Results

	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19* (One audit report outstanding)
HIGH	1	3	5	3	1
MEDIUM	10	11	7	12	14
LOW	71	68	70	67	66

SCDE's Subrecipient Risk Assessment Process

- Change made to “Quality of Management Systems” rating

Quality of Management Systems

- Old method:

High – Major and/or more than one internal control finding
or more than one federal award finding; 3 or more
management letter comments or noncompliance findings

Quality of Management Systems

- Old method:

Medium – One internal control finding or one federal award or noncompliance finding; 2 or more management letter comments

Quality of Management Systems

- Old method:

Low – No internal control findings or no federal award noncompliance findings or 1 management letter comment

Quality of Management Systems

- New method:

High – At least one material weakness; more than one significant deficiency or noncompliance finding; more than one federal award finding

Quality of Management Systems

- New method:

Medium – One significant deficiency; one noncompliance finding; one federal award finding; 3 or more major management letter comments

Quality of Management Systems

- New method:

Low – No significant deficiencies or material weaknesses in financial statements; no noncompliance findings; one federal award finding; less than three major management letter comments

**Detailed Schedule of Funds Due to
the SCDE**

Due To

- Invoices will be sent to districts no later than
March 27, 2020
- Finance is determining payments already received
- Districts should only be invoiced for what is due
- If you have already paid an amount that is listed as being due to and receive an invoice, contact us

Indirect Cost

LEA Indirect Cost Methodology Status

Submitted indirect cost rate proposal to USDE in February 2018 for approval

- SCDE requested change from fixed with carry-forward rate to a predetermined rate
- Received approval from USDE to issue 2018-19 indirect cost rates using current fixed with carry-forward rate while plan under review by USDE
- October 2018 requested by USDE to submit additional information

New LEA Indirect Cost Methodology Status

- Received new LEA Delegation Agreement from USDE on September 27, 2019
 - Effective period of agreement is: July 1, 2020 – June 30, 2025
- USDE approved change of indirect cost methodology from fixed with carry-forward rate to a predetermined rate beginning in fiscal year 2020-21
- OAS submitted request to IT to update indirect cost methodology in LARS
 - IT is currently working on updating the indirect cost methodology
 - Updates should be completed for indirect cost rates to be issued in April 2020

New LEA Indirect Cost Methodology

School District Name
 Predetermined - Restricted Rate
 FY 2020-21
 For Fiscal Year Ended June 30, 2019

Indirect Costs Actuals for 2018-19	756,995.00	=	0.0249
Direct Costs Actuals for 2018-19	30,420,513.00		

Indirect Cost Rate for 2016-17	Indirect Cost Rate for 2017-18	Indirect Cost Rate for 2018-19	Indirect Cost Rate for 2019-20	Calculated Indirect Cost Rate for 2020-21 with Actual Expenditures	Average Indirect Cost Rate for Most Recent 5 Years
0.0745	0.0478	0.0595	0.0761	0.0249	= 5.66%

Average Indirect Cost Rate for Most Recent 5 Years		Predetermined Discount (5%)		5% Discount	Average Indirect Cost Rate Minus 5% Discount	Restricted Indirect Cost Rate for Fiscal Year 2020-21
0.0566	X	0.05	=	0.0028	0.0537	5.37%

Old LEA Indirect Cost Methodology

Fixed Rate with Carry-Forward Adjustment
 Restricted Rate
 FY 2020-21
 FOR FISCAL YEAR ENDED JUNE 30, 2019

	FY2018-19	FY2020-21
(A) Applied Costs:		
Fixed Rate Per Negotiation Agreement	2.14%	3.13%
Direct Base (34 CFR 75.567)	27,622,783	29,816,274
Indirect Cost Pool:		
Admin Charge (34 CFR 75.565)	746,576	785,016
Carry-Forward	-10,883	146,948
Total Pool	735,693	931,964
(B) Actual Costs:		
Actual Direct Base	29,816,274	
Actual Indirect Cost Pool:		
Admin Charges	795,899	
Carry-Forward	-10,883	
	785,016	
(C) Carry-Forward Computation		
Recovered:		
Fixed Rate * Actual Direct Base	638,068	
Should Have Recovered:		
Actual Indirect Costs Billed For	785,016	
Under (Over) Recovery	146,948	

Indirect Cost Rate Reminders

- SCDE began capping indirect cost rates during fiscal year 2018-19
 - Restricted rate capped at 15%
 - Unrestricted rate capped at 30%
- Verify expenditures on the indirect cost rate calculation spreadsheet

Financial Accounting Handbook Review

- OAS is planning a financial accounting handbook overview
- School district officials will be asked to participate
- FY 2020-21 update

Questions

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Office of Auditing Services

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