

# Professional Development (PD) in 15



## What is a “Working Budget” and Why Do I Need One?

1. Federal Grant Management requires accurate fund accounting and budgeting [2 CFR 200.302\(b\)\(5\)](#)
2. Idaho State Laws require LEAs to submit annual budgets to appropriate for spending. [§§ 200.328](#) and [200.329](#).
3. Idaho Code, [Section 33-701-9](#) review the school district budget periodically and make appropriate budget adjustments to reflect the availability of funds and the requirements of the school district.

# Uniform Grants Guidance (UGG)



The Office of Management and Budget's (OMB) [Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards](#) regulations, located at 2 Code of Federal Regulations (CFR) Part 200, were officially implemented in December 2014.

They serve as a government-wide framework for grants management and provide an authoritative set of rules and requirements for federal grant awards.



# Financial Management & Internal Controls



- The basic requirements for financial management systems and internal controls of grant recipients are described in [2 CFR 200.302](#) (Financial Management) and [200.303](#) (Internal Controls).
- In summary, grant recipients must have administrative and financial management systems in place that provide internal controls and help the organization prepare reports required by the terms and conditions of their award.
- The systems must be capable of tracking grant funds to adequately establish that the funds have been used according to federal statutes, regulations, and the terms and conditions of the award.



# Federal Grant Budgeting Requirements



A recipient's financial management system must establish and identify a separate account for each federal award received and expended.

Federal program and federal award identification (FAIN) must include, as applicable:

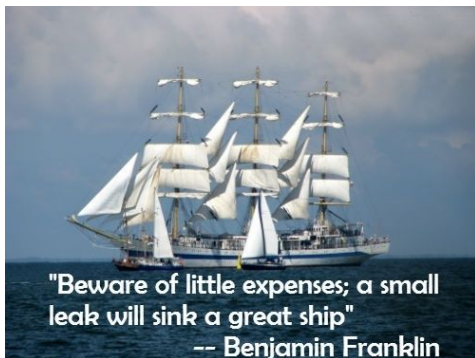
- Assistance Listing title and number for the grant program (prior labeling was CFDA number)
- Federal award identification number and year
- Name of the federal agency that made the award (awarding agency)

# Provide Accurate, Current, and Complete Financial Data



- Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in [§§ 200.328](#) and [200.329](#).
- Grant recipients must track the financial results of grant funds. In other words, recipient accounting systems must be capable of distinguishing between transactions

Learn more about how federal awards must be identified in financial management systems at [2 CFR 200.302\(b\)\(1\)](#).



"Beware of little expenses; a small leak will sink a great ship"  
-- Benjamin Franklin

# What is a “working budget” and why do I need one?



[2 CFR 200.302\(b\)\(4\)](#) Effective control over, and accountability for, all funds, property, and other assets. The non-Federal entity must adequately safeguard all assets and assure that they are used solely for authorized purposes.

- [2 CFR 200.302\(b\)\(5\)](#) comparing expenditures to budgets

- It is important that your accounting system provide reliable cost estimating information to ensure that you do not overspend on an activity.



# Supplemental Budget



**Amending the Budget** - Local Budget Law defines procedures and controls on allowed changes to the budget during the fiscal year, commonly referred to as supplemental budgets. In supplemental budgets, the District may increase appropriations within the guidelines defined in Local Budget Law.





# Working Budget to Actual Reporting – Control Procedures & Best Practices



## Key Control Procedure Issues:

- Board should meet at regular intervals consistent with state law. **Best practice is monthly**
- Provides a list and schedule of required reports and information to be included in the board packet
- A monthly financial statement, including budget to actuals, and monitoring reports should be part of the Board packet



# The Role and Purpose of the School Budget



- What is the role and purpose of the school budget? The school budget—and accompanying process—provides school districts and their leaders with an opportunity to justify the collection and expenditure of public funds. In its most simple definition, a school budget describes a district's plan for the upcoming year as related to anticipated revenues and expenditures. School budgets allow districts to translate sometimes intangible missions, operations and objectives into reality by outlining and providing specific programs and funding/financial terms.
- A school budget helps bridge the gap that can exist between a district's stated goals and resource allocation. The budget process forces the discussion that will inform choices among various programs competing for the limited available resources.
- [https://www.aasa.org/uploadedfiles/policy\\_and\\_advocacy/files/schoolbudgetbrieffinal.pdf](https://www.aasa.org/uploadedfiles/policy_and_advocacy/files/schoolbudgetbrieffinal.pdf)



# Developing a Working Budget Protocol



- To provide for prudent control and direction of the annual budgets, the budget supervisor should assign tasks to business office personnel for maintaining the various journals and/or accounts of the school funds.
- Your general ledger should tie out to the GRA (Grant Reimbursement Application) by fund or grant, to match the total available grant funding.
- The budget supervisor should conduct periodic analyses of the various budgets and provide interim evaluations and reports to the superintendent of schools and the board of trustees.
- Interim reporting and budget analysis enable the board of trustees to control and maintain the integrity of the adopted budget.



# Example of Working Budget Protocol



**Budget Reallocations – Post Budget Adoption:** Purpose: This administrative directive establishes the guidelines to assure consistent and detailed communication between the Superintendent and the Board regarding fiscal issues. Communication is essential under circumstances that could result in significant reductions or reallocations of funding after the Board has adopted the budget.

After all accrual payments are made, funds are closed out, and you have completed your audit.

Compare the *adopted budget* to the *actual ending fund balances and the adopted total*, and prepare to roll funds to the new school year.

Determine the method to include “rolled” balances with “adopted” balances, to reflect **total actual funding available**.

Once total funding available by fund is determined, update the expenditures accordingly to balance revenue and expenditures for accurate budget to actual tracking throughout the year.

Point the General Ledger Budget to the “adjusted budget” or “working budget” column if applicable in your accounting system.

## **Provision of Information to the Board:**

- (1) Budget to Actual Financial Reports and Revenue Reports will be provided to and discussed with the Board Finance, Audit and Operations Committee *on a monthly basis*.
- (2) Specific information regarding budget reductions will be provided to the committee when expenditure adjustments are considered significant. Criteria for judging the significance of a change can include:
  - (a) Expenditure items or programs that are of priority to or of special interest to Board members as reflected in history of Board and committee meetings;
  - (b) Expenditure items or program adjustments that exceed \$250,000;
  - (c) Program changes expected to have direct and noticeable student or staff impact;
  - (d) Any proposed reallocations from the contingency fund.
- (3) Upon request or as deemed appropriate, information will be provided to all Board members.

# Budget Adjustments – Idaho Code, Section 33-701-9



- Budget adjustments may become necessary after the adoption of the annual school budget. School trustees are required to review the district budget and to make appropriate adjustments (Idaho Code, Section 33-701-9). The Code is not specific as to when budget adjustments are to be made, except to say “periodically...to reflect the availability of funds and the requirements of the school district.



# Why Did My Budget Change?



- It is unlikely that budget forecasts will exactly meet the **actual revenue and expenditure** demands of the district operations. Factors, such as changes in enrollment, changes in carry over funding, staff changes, unforeseen repairs, and others, demand flexibility. Since Idaho Code is not specific as to when changes are subject to the publication notice prescribed in Section 33- 401, Idaho Code, use the following as a guide:



# Carry Over Budgeting



- Formula dollars can be what we call ‘forward funded.’ ‘Forward funding’ (carry over) is a provision of budget authority that becomes available for obligation in the last quarter of the fiscal year and remains available during the following fiscal year. That is, if a district has yet to expend the full amount of its Title I dollars in the last quarter of the fiscal year, that balance is carried over—not erased—and remains available for the next fiscal (and school) year. This is where the ‘first in, first out’ rule would apply.
- Other examples of carry-over eligibility include: IDEA Part B Grants (27 month period of available), ESSER III—crosses fiscal years.

# Carry Over Explained



- What the Law Says Federal formula funds are made available on July 1 of the fiscal year and remain available for obligation by districts for a period of 27 months. This 27-month period includes an initial 15-month period of availability and an automatic 12-month extension permitted under the Tydings Amendment (General Education Provisions Act §421(b)(1)).
- “Carryover” is the term often used to refer to those funds that have not been spent as originally obligated by the district.



# Budgets and Priorities Have Changed with the timing of federal funding relief grants



- For now, [temporary federal aid](#) is delaying much of the fallout from imbalanced budgets. But relief funds last only until September 2024, at which point these decisions will make it difficult for many districts to pay their bills.
- Today's boards are wrestling with the pressures of enrollment declines and inflation, and [the temporary nature of federal relief funds](#).
- Boards, hold the fiduciary responsibility for the district. It's their signatures that authorize spending.
- "Today's commitments become tomorrow's debt burden."

Source: [Roza, M. 28 July 2022. What Goes Wrong When Some School Board Members Don't Understand District Finances? Forbes.com](#)



# When Do I Need to Update My Budget?



- Changes within a major function area such as Instruction shall not be subject to the provisions of Section 33-401, Idaho Code.
- Movement of appropriations between major function areas will be subjected to the provisions of Section 33-401, Idaho Code.
- An increase in the level of total appropriations because of an increase in revenue shall be subject to the provisions of Section 33-401, Idaho Code.

Budget adjustments approved by the board are to be recorded in the minutes of the school district and the budget changes are to be filed with the Idaho Department of Education.

<https://www.sde.idaho.gov/finance/files/general/manuals/IFARMS-Manual-2021.pdf>

A SYSTEM FOR PUBLIC SCHOOL BUDGETING, ACCOUNTING, & REPORTING  
Idaho Financial Accounting Reporting  
Management System (IFARMS)



IDAHO STATE DEPARTMENT OF EDUCATION  
PUBLIC SCHOOL FINANCE

650 W STATE STREET, 2ND FLOOR  
BOISE, IDAHO 83702  
208 332 6800 OFFICE  
WWW.SDE.IDAHO.GOV  
CREATED 11/12/2021

# Budget Adjustments



- <https://www.sde.idaho.gov/finance/files/general/manuals/IFARMS-Manual-2021.pdf>
- Budget adjustments approved by the board are to be recorded in the minutes of the school district and the budget changes are to be filed with the Idaho Department of Education.
- GASB pronouncements do not change the budgeting process. However, the pronouncements did change budget reporting requirements for audited financial statements. First, the budget to actual comparison may be shown as part of the financial statements or as Required Supplemental Information.
- The Idaho Department of Education recommends that the comparison be shown as Required Supplemental Information, if for no other reason to keep audit costs down (GASB 34 Paragraph 130)



# Budget to Actual Comparison -In the Financial Statements



- Second, *the budget to actual comparison* must show both the original and the final budget. A variance column(s) is strongly encouraged and recommended by the Idaho Department of Education but not required by GASB. (GASB 34 Paragraph 130).
- Third, if the budget is prepared on a basis other than Generally Accepted Accounting Principles (GAAP), a reconciliation must be prepared reconciling budget revenues and expenditures to those shown in the fund statements. (GASB 34 Paragraph 131) School Budgeting Laws are primarily in Idaho Code Title 33, Chapter 8 – Budget and Tax Levy. Other related chapters include Chapter 4 – School Elections and Chapter 7 – Fiscal Affairs of School Districts.
- [GASB 34 paragraph 130](#)



# Fraud & Abuse Allegations

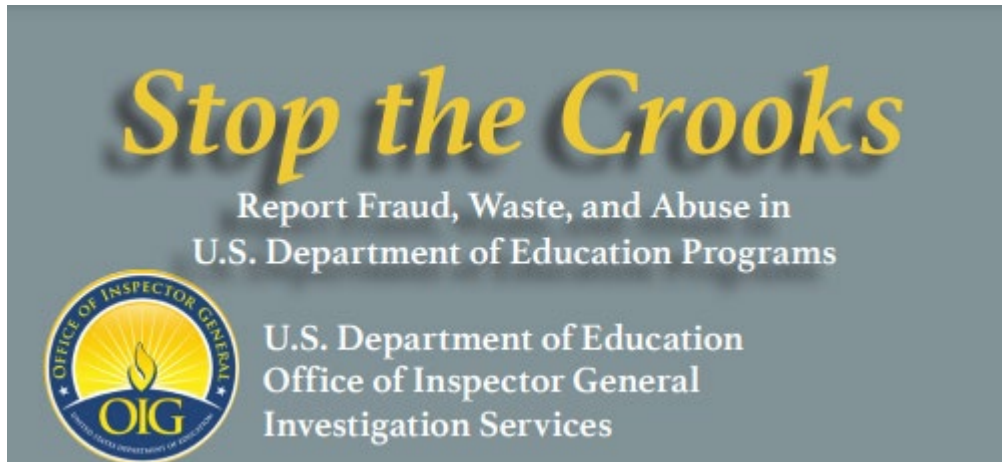


Did you know about forensic audits to investigate the potential misuse of public funds?


- The Investigation Services within the ED Office of Inspector General investigates alleged criminal and civil wrongdoing by entities and individuals involving ED funds and programs.
- Each year, unscrupulous people steal or intentionally misuse ED funds— Federal student aid, special education money, or Title I funds to school districts with low-income families. They intentionally abuse ED programs, unlawfully access ED computer systems and databases, or use ED funding to support terrorism.



# Reporting Fraud



**Stop the Crooks**  
Report Fraud, Waste, and Abuse in  
U.S. Department of Education Programs



U.S. Department of Education  
Office of Inspector General  
Investigation Services

The flyer features the title "Stop the Crooks" in a large, bold, yellow font. Below it, the text "Report Fraud, Waste, and Abuse in U.S. Department of Education Programs" is centered. To the left is the circular logo of the Office of Inspector General (OIG), which includes a sun and the acronym "OIG". To the right of the logo, the text "U.S. Department of Education Office of Inspector General Investigation Services" is displayed.

## Reporting Fraud, Waste, and Abuse to the OIG

Report to the OIG Hotline—a 24-7 service that accepts tips, complaints, and allegations from all sources about possible theft, fraud, waste, abuse, mismanagement, public corruption, or whistleblower reprisals involving ED programs, operations, or funds. <https://oighotline.ed.gov>

You may also call toll-free or write to the OIG: 1-800-MISUSED (1-800-647-8733) Inspector General Hotline U.S. Department of Education Office of Inspector General 400 Maryland Avenue, S.W. Washington, D.C. 20202 You may make a report anonymously or in confidence.

### Flyer Information:

<https://www2.ed.gov/about/offices/list/oig/invtreports/edoigfraudIndicatorsonline.pdf>



# What Does A Working Budget Look Like?

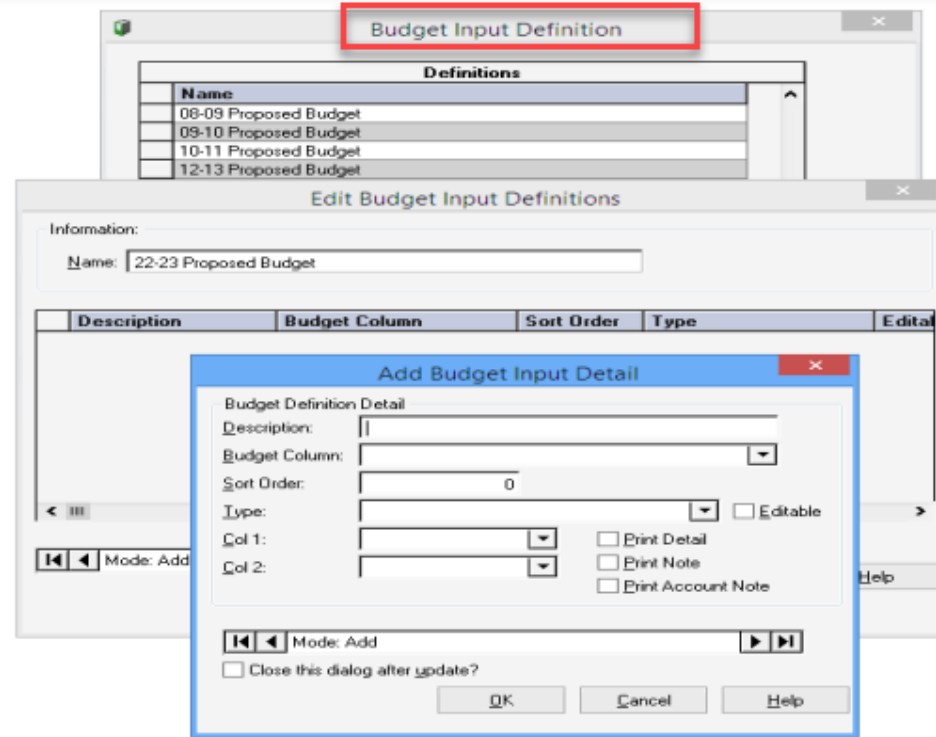


<u>FND</u>	<u>T</u>	<u>FNC</u>	<u>ACCNT</u>	<u>ACCNT</u>	<u>OBJ</u>	<u>OBJ</u>	2020-21 <u>FYTD Activity</u>	2020-21 <u>Revised Budget</u>	Encumbered <u>Amount</u>	2020-21 FYTD <u>Unencumbered Bal</u>
100	E	5210	EXCEPTIONA	521000		---	2,398,707.79	2,365,169.00		-33,538.79
100	E	5220	PRESCHOOL	522000		---	208,567.26	212,798.00		4,230.74
100	E	5240	GIFTED/TAL	524000		---	498,632.30	499,127.00		494.70
100	E	5310	INTERSCHOL	531000		---	539,520.38	587,826.00		48,305.62
100	E	5410	SUMMER SC	541000		---	20,549.01	20,550.00		0.99
100	E	6110	ATTENDANCE	611000		---	1,557,346.53	1,557,572.00		225.47
100	E	6160	SPECIAL SE	616000		---	1,451,496.21	1,441,229.00		-10,267.21
							6,674,819.48	6,684,271.00		9,451.52

# Different Accounting Systems offer different solutions



Sample 1



Repeated for each column

Description	Budget Column	Sort Order	Type	Editable	Col 1	Col 2	Print Detail	Print Note	Print Acct Note
Adopted 20-21 Budget	Adopted 20-21	1	Budget	FALSE			FALSE	FALSE	FALSE
Actual 20-21	Budget 20-21 w/Adjustments	2	YTD Transactions	FALSE			FALSE	FALSE	FALSE



# Example of Budget to Actual Report



## 258 PRESCHOOL BUDGET

From Date: 7/1/2019

To Date: 8/31/2020

Fiscal Year: 2019-2020

- Subtotal by Collapse Mask
  Include pre encumbrance
  Print accounts with zero balance
  Filter Encumbrance Detail by Date Range  
 Exclude Inactive Accounts with zero balance

Account Number	Description	GL Budget	Range To Date	YTD	Balance	Encumbrance	Budget Balance	% Bud
258.445.4456.000.000.000	PRESCHOOL REVENUE	(\$48,000.00)	(\$46,189.25)	(\$46,189.25)	(\$1,810.75)	\$0.00	(\$1,810.75)	3.77%
	PROGRAM: FEDERAL REVENUE - 445	(\$48,000.00)	(\$46,189.25)	(\$46,189.25)	(\$1,810.75)	\$0.00	(\$1,810.75)	3.77%
258.522.0130.000.000.000	PRESCHOOL CLASSIFIED SALARY	\$24,000.00	\$23,649.02	\$23,649.02	\$350.98	\$0.00	\$350.98	1.46%
258.522.0170.000.000.000	PRESCHOOL SUBSTITUTE SALARY	\$2,000.00	\$1,982.25	\$1,982.25	\$17.75	\$0.00	\$17.75	0.89%
258.522.0180.115.000.000	PRESCHOOL WELLNESS/EOY/RETIRE	\$0.00	\$73.29	\$73.29	(\$73.29)	\$0.00	(\$73.29)	0.00%
258.522.0210.000.000.000	PRESCHOOL RETIREMENT	\$3,000.00	\$2,838.66	\$2,838.66	\$161.34	\$0.00	\$161.34	5.38%
258.522.0220.000.000.000	PRESCHOOL SOCIAL SECURITY	\$1,500.00	\$1,464.99	\$1,464.99	\$35.01	\$0.00	\$35.01	2.33%
258.522.0222.000.000.000	PRESCHOOL MEDICARE	\$500.00	\$342.51	\$342.51	\$157.49	\$0.00	\$157.49	31.50%
258.522.0240.000.000.000	PRESCHOOL HEALTH BENEFITS	\$13,200.00	\$14,889.94	\$14,889.94	(\$1,689.94)	\$0.00	(\$1,689.94)	-12.80%
258.522.0280.000.000.000	PRESCHOOL SICK LEAVE RETIREMEN	\$2,300.00	\$98.09	\$98.09	\$2,201.91	\$0.00	\$2,201.91	95.74%
258.522.0320.000.000.000	PRESCHOOL CONTRACTED SERVICE!	\$1,000.00	\$685.74	\$685.74	\$314.26	\$0.00	\$314.26	31.43%
258.522.0320.320.000.000	PRESCHOOL PRINTER LEASE	\$0.00	\$86.76	\$86.76	(\$86.76)	\$0.00	(\$86.76)	0.00%
258.522.0320.322.000.000	PRESCHOOL COPIER LEASE	\$500.00	\$78.00	\$78.00	\$422.00	\$0.00	\$422.00	84.40%
	PROGRAM: PRESCHOOL - 522	\$48,000.00	\$46,189.25	\$46,189.25	\$1,810.75	\$0.00	\$1,810.75	3.77%
<b>Grand Total:</b>		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%

End of Report

## Questions for Reflection

1. What systems are in place for tracking the allocation and spending of funds at the LEA level?
2. How frequently does the LEA review the status of expenditures and remaining funds?
3. How much funding does our LEA carry over each year? In what way is this impacting our ability to support students and achieve LEA's goals?