

# FISCAL/CONTRACT GUIDELINES For STATE EARLY INTERVENTION, FEDERAL 619 & 611 COMPONENT 1

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*FISCAL YEAR 2015-2016*

*OFFICE OF CHILD DEVELOPMENT & EARLY LEARNING (OCDEL)*

*BUREAU OF EARLY INTERVENTION*

# Table of Contents

- SECTION I ..... 4
- GENERAL INFORMATION ..... 4
- 1.1 INTRODUCTION..... 4
  - Grant Agreement..... 4
- 1.2 ADMINISTRATIVE GUIDELINES..... 4
  - Grant Agreement and Application Process ..... 4
- 1.3 FUNDING AND ADMINISTRATION ..... 5
- 1.4 BUDGETS ..... 6
- 1.5 PAYMENTS ..... 7
- 1.6 CONDITIONS OF FUNDING..... 8
- 1.7 TRAINING REQUIREMENT ..... 8
- SECTION II ..... 9
- REIMBURSABLE COSTS..... 9
- 2.1 SALARY COSTS..... 9
  - Support of Salaries and Wages ..... 9
- 2.2 BENEFITS ..... **Error! Bookmark not defined.**
- 2.3 CONTRACTED SERVICES ..... 10
- 2.4 SALARY COSTS FOR CONTRACTED SERVICE PROVIDERS..... 10
  - BENEFITS..... 11
- 2.5 THE CONTRACT DOCUMENT ..... 11
  - REQUIRED CONTRACT TERMS: ..... 11
- 2.6 LEASES..... **Error! Bookmark not defined.**
- 2.7 TRANSPORTATION ..... 14
- 2.8 EQUIPMENT ..... 14
- 2.9 MAINTENANCE ..... 14
- 2.10 TRAVEL REIMBURSEMENT ..... 14
- 2.11 ADMINISTRATIVE COSTS ..... 15
- Federal General Administrative Regulations and Cost Principles ..... 15

2.12 AUDIT COSTS .....	15
Audit Requirements .....	15
Submission of Audit Information to the Commonwealth.....	16
General Audit Provisions .....	16
2.13 OTHER .....	17
2.14 MEDICAL ACCESS (MA) DRAWDOWN REQUESTS.....	17
2.15 UNALLOWABLE COSTS .....	17
SECTION III.....	17
ADDITIONAL INFORMATION.....	17
3.1 RECONCILIATION OF CASH ON HAND QUARTERLY REPORT.....	17
Filing Requirements.....	18
Excess Cash .....	18
Cash Deficit.....	18
3.2 BUDGET REVISIONS AND FUNDING INCREASES/DECREASES .....	18
Funding Increase.....	19
Funding Decrease .....	19
Due Dates .....	19
3.3 QUARTERLY REPORTING .....	20
3.4 FINAL EXPENDITURE REPORTS.....	20
3.5 MEDICAL ACCESS.....	22
Allowable School-Based ACCESS Expenditures .....	24
Personnel.....	24
Access Program Costs.....	24
Training .....	24
Property.....	25
3.6 OTHER ISSUES .....	26

## **SECTION I**

### **GENERAL INFORMATION**

#### **1.1 INTRODUCTION**

These are the fiscal guidelines for preschool early intervention (EI) services. They are designed to assist the programs in completing fiscal documents on the Department of Education (PDE) eGrants system.

#### **Grant Agreement**

A Grant Agreement is part of the application process and the vehicle by which specific project funds are provided to grantees. Beginning in 2014-15, MAWA holders have the ability to submit Grant Agreements utilizing an electronic signature. This method accelerates the approval process and its use is encouraged by OCDEL. The Grant Agreement is comprised of the following:

- Grant Agreement signature pages
- Special Program Terms (Appendix A)
- Assurance of Quality Space (Appendix A1)
- Grantee's Program Narrative and Budget Information (Appendix B)
- Payment of Terms, Responsibilities and Contact Information (Appendix C)
- PDE Master Standard Terms and Conditions

#### **1.2 ADMINISTRATIVE GUIDELINES**

Federal regulations prohibit obligation or expenditure of funds prior to the beginning date of the grant/project.

#### **Grant Agreement and Application Process**

Grant Agreement - The Grant Agreement consists of the following documents which must be submitted to OCDEL on or before July 1 of the fiscal year for which the grant is being submitted.

- Grant Agreement with electronic signature OR 1<sup>st</sup> page with original signature signed in blue ink and two accompanying pages. Please note that if you submit the Agreement with an electronic signature, you are not required to submit a hard copy.
- Special Program Terms - Appendix A (3 pages)
- Assurance of Quality Space for Early Intervention Program - Appendix A-1 (3 pages)
- Grantee's Program Narrative and Budget Information - Appendix B (Includes all three funds—State EI, Federal 619 and Federal 611-Component 1)
- Payment Terms, Responsibilities and Contact Information (Appendix C)

Application - The submission of the Budget information package includes the following documents:

- For state early intervention

- State Early Intervention Preschool Budget (PDE 403)
- Preschool Expenditure Detail (All Expenditures related to the state early intervention allocation)
  - Prior Year Encumbrance Liquidation
- For federal
  - Preschool Expenditure Detail (Federal Early Intervention Allocation Expenditures)

The forms are to be completed in accordance with the instructions for each of the forms, as well as any directions contained on the forms. These instructions are provided with the initial set of forms sent to grantees for their original Grant Agreement Application. Please note that failure to include any of the information requested in the forms' instructions might delay the project review process and may also result in payment delays for the project.

The Grant Agreement must be either electronically OR manually signed by the Grantee's chief administrative officer. This will be the executive director for intermediate units, the superintendent for school districts, and president or vice president and the secretary or treasurer for an agency. If the Grantee has someone other than the chief administrative officer sign the Grant Agreement and the budget, the Grantee must submit proof that its governing board has approved that individual to act in that capacity.

The State Early Intervention and Federal IDEA 619/611-Component I applications must be completed on-line at the PDE e-Grants website, [PDE eGRANTS](#).

Hard copy-only submissions of the signed Grant Agreement must be sent to:

Pennsylvania Department of Education  
 Office of Child Development and Early Learning  
 Finance Administration and Planning  
 333 Market Street, 6<sup>th</sup> Floor  
 Harrisburg, PA 17126-0333  
 Attention: Kathy Vradenburgh, 717.346.1117, [kvradenbur@pa.gov](mailto:kvradenbur@pa.gov).

Questions regarding the Guidelines or Instructions for completing the Supplementary Expenditure Detail may be directed to Brian Bell, budget analyst, phone 717.346.0038.

### **1.3 FUNDING AND ADMINISTRATION**

State early intervention funds, as well as both federal preschool funds, IDEA 619/611-Component I, provide for comprehensive services to eligible young children ages three to five. When the child has reached the year of kindergarten eligibility, does not enroll in any kindergarten program, and remains in early intervention until the age of beginners, the funding for early intervention services then becomes the responsibility of the resident school district. A separate accounting for state early intervention funds is required and commingling of state and federal funds is not allowed.

Each grantee is assigned an average cost per child. The total allocation a Grantee will receive in a fiscal year is calculated as: Number of children expected to receive services, based on the previous year trends to include all children except those children who were school district funded and transitioned to school age during the fiscal year, divided by the total allocation (this includes all funding streams including the school based access program budgeted amount) is equal to the cost per child.

Each Grantee will participate in quarterly discussions with OCDEL personnel regarding the status of the grantee's funding and children served. These quarterly discussions enable both the Grantee and OCDEL to better track, predict and control the allocation.

## **1.4 BUDGETS**

A budget for state early intervention, Federal IDEA 619/611-Component I funds must be submitted each program year by the Grantee in accordance with instructions provided by OCDEL. Budgets must be prepared and anticipated expenditures reported in accordance with the accounting principles found in the Pennsylvania Department of Education Manual of Accounting and Related Financial Procedures for Pennsylvania School Systems. The budget year is July 1 through June 30. The following forms will be generated electronically for all budgets related to the preschool early intervention program:

- Summary Budget, Appendix B, for State EI, Federal 619 and Federal 611-Component 1 represent estimated expenditures to be paid with the state early intervention and Federal IDEA 619/611-Component I early intervention allocation.
- PDE 403 identifies anticipated expenditures and revenues. The dollar amount entered by the Grantee on the state early intervention allocation line of the PDE 403 must be the same as the amount shown on Page 1 of Grant Agreement as it relates to state early intervention funding.
  - The two-page Summary Budget - Appendix B identifies the expenditures only associated with the state early intervention allocation. Each preschool EI must maintain documentation that will identify and support the methodology utilized to charge certain costs to the state early intervention allocation.

The following information provides direction for entering data into the PDE 403 budget format through the "PDE Preschool Budget" menu link on e-Grants:

- Enter the Total Expenditures being charged to the budget.
- Enter the estimated Act 30 (K-5 eligible) revenues from member school districts for children they are responsible for but who have remained in the early intervention program. These revenues should equal the anticipated expenditures for those same children.
- Identify the estimated interest to be earned on program funds.
- Identify any other local revenues that may support the early intervention program. Provide both preschool revenue and expenditure details in the designated area. (Examples: tuition revenue from typical peers in an integrated classroom operated by the Grantee, local grant awarded by community agency, etc.).
- Enter the state share of Social Security.

- Enter the state share of Retirement.
- Enter the state early intervention allocation as identified on the Grant Agreement.
- Enter the projected Medical Access reimbursement amount assigned by OCDEL during the annual allocation review process. Any monies withdrawn from the preschool early intervention account in PDE MUST be accounted for in the Final Expenditure Report (FER).
- Identify and enter any Prior Year Encumbrance in the designated fields along with the related expenditures under the Prior Year Encumbrance Liquidation menu item. If a prior year encumbrance entry exceeds actual expenditures, the preschool EI must return the remaining funds to OCDEL. Remaining funds may not be used to offset current year expenditures.
- All other information related to the PDE 403 format will be automatically prepared by the system from data entered through other menu items.
- PDE 2584 - This is the budget substantiation format used to provide a more detailed explanation of the costs identified on the PDE 403. The format will serve as the basis for much of the data entry required for e-Grants for preschool early intervention.
- Contractor Substantiation Form - A private provider that enters into a contract with a Grantee for the purpose of providing preschool early intervention services is required to submit a Contractor Substantiation Form. Beginning in the state fiscal year 2014-15, this form will be completed outside of the State EI budget in the eGrants system. A contractor is exempted from submitting this form based on one of the following criteria:
  - It is under \$50,000.
  - It is with an individual who works independently and is not an employee of a service provider.
  - It is a contract involving the transition of eligible young children from the infant/toddler program to the preschool early intervention program and is only for the duration of time until the IEP can be developed and/or implemented.

Please note that OCDEL and/or Grantee, at their discretion, may require the Contractor Substantiation Form to be completed in any of the above circumstances.

Prior to each new fiscal year, OCDEL will provide the Grantee with appropriate budget forms and instructions for preparing the budgets in eGrants. This information is available on PDE's website under e-Grants.

## **1.5 PAYMENTS**

After the Comptroller's Office receives notification that a Grant Agreement is approved, payments are initiated. The approved funding allocation is divided into equal amounts based on the duration of the project. The payment amount is issued to the grantee each month during the duration of the project.

The project payment system does not process an automatic monthly payment once the project end date has passed. Projects with payments remaining in their schedule will not automatically receive a monthly payment in the next cycle if the end date has passed. For example, a project ending June 30<sup>th</sup> with one monthly payment remaining in the schedule

will not receive an automated monthly payment in July. Outstanding project balances will be processed for payment based on an approved Final Expenditure Report. Project grantees are advised to submit their Final Expenditure Report in a timely manner.

## **1.6 CONDITIONS OF FUNDING**

All early intervention services shall be provided in accordance with the Pennsylvania State Regulations (22 PA Code Chapter 14). Conditions of state funding will be specified in the PDE Master Standards and Grant Agreement. **Under no circumstances may state or federal early intervention funds be used to pay for services for children who are eligible to attend kindergarten but have remained in early intervention.**

## **1.7 TRAINING REQUIREMENT**

Grantees must document training and technical assistance expenses of at least 1 percent but not more than 2 percent of the State EI allocation. Federal funds may not be counted towards the requirement of 1-2 percent spending. Training and technical assistance costs must be reported in the state early intervention Final Expenditure Report.

The preschool EI program must submit one copy of the Final Expenditure Report on line via the eGrants system and it must be signed either electronically OR via hard copy (with an original signature in blue ink) to OCDEL. The training worksheet will identify, for the most part, in-kind costs.

In-kind training costs are those costs actually charged to appropriate functions/objects for accounting purposes, but also counted as training costs for purposes of the training requirement.

Costs associated with the following activities may be credited toward the Grantee's training and technical assistance requirement:

- Attendance at recognized training conferences sponsored by relevant professional organizations, accredited college and universities related to EI or EITA. These should be documented on the annual training plan (EITA PLAN).
- Attendance at State Interagency Coordinating Council (SICC) meetings.
- Attendance and participation in the Statewide OCDEL EI leadership meetings.
- Attendance and participation in regional OCDEL preschool/infant toddler supervisors' meetings.
- In-service training on topics specific to early intervention.
- On-site consultation provided by outside professionals on topics specific to early intervention.
- Collaborative trainings with early childhood community partners.
- Fiscal management and budget training related to early intervention.
- Other activities as approved by OCDEL.

Allowable expenditures may include the portion of salary/benefits earned by any individual while involved in an allowable training activity as well as related travel costs, registration fees and consultant/speaker fees.

Allowable activities as described above should be itemized and broken out by cost using the worksheet provided in these guidelines. All allowable training costs must be assigned to the state early intervention budget in order to count towards the maximum of 2 percent.

## **SECTION II**

### **REIMBURSABLE COSTS**

Grantees may be reimbursed for the following costs:

#### **2.1 SALARY COSTS**

The following personnel costs are allowable if provided in accordance with existing policies and guidelines.

- Teachers
- Paraprofessional
- Supervisors
- Speech and Language Clinicians
- Physical Therapists/Occupational Therapists and Certified Assistants
- Other Related Service Personnel
- Psychologists
- Nurses
- Service Coordinators
- Clerical Staff

#### **Support of Salaries and Wages**

The Uniform Grant Guidance cost principles provide that charges to Federal awards for salaries and wages, whether treated as direct or indirect cost, will be based on payrolls documented in accordance with generally accepted practice of the governmental unit and approved by a responsible official(s) of the governmental unit. Additionally, support of salaries and wages must meet the time distribution standards of the Uniform Grant Guidance cost principles. These standards, in part, provide that:

- Where employees are expected to work solely on a single federal grant or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee.
- Where employees work on multiple activities or cost objects, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which:
  - reflects an after-the-fact distribution of the actual activity of each employee
  - accounts for the total activity for which the employee is compensated
  - is prepared at least monthly and coincides with one or more pay periods and
  - is signed by the employee.

This documentary support is required when employees work on more than one federal project; a federal project and a non-federal project, or an indirect cost activity and a direct cost activity.

Note: Any position considered by PDE allowable to be funded under the Intermediate Unit Core funds, is **not** an allowable cost to the early intervention program.

## **2.2 BENEFITS**

Early Intervention funds may be used to pay for employer paid benefits for personnel whose salaries are reimbursable under paragraph 2.1. Those benefits include such items as FICA, Retirement, Unemployment Compensation, Workman's Compensation, Group Insurance and other benefits required through a collective bargaining agreement. Retirement incentives that are in addition to those provided through the employment agreement for administrators, professional staff, or both are not allowable. Benefits are reviewed by OCDEL to ensure they are appropriate for the benefits rate, geographical location and other factors.

## **2.3 CONTRACTED SERVICES**

When a Grantee purchases services by an outside agency, contracts are required for the routine provision of these services. Costs of instructional and related services provided through a formal contract with a private provider of early intervention services may be reimbursed with state and federal early intervention funds. The provision of services by contracted personnel must be provided in accordance with existing policies and guidelines and must be necessary to fulfill the Individualized Education Program (IEPs) of eligible young children. A detailed breakdown of contracted costs is required with each budget/budget revision. At a minimum, this information must include:

- Name of the agency/individual
- Amount of the contract
- Identification of each service and related services
- Rate of each service and related services (including the unit defined)
- Number of children served by each service provided

Subcontract providers must follow same procedures as a contracted provider agency stated above in 2.3 - Contract Services

## **2.4 SALARY COSTS FOR CONTRACTED SERVICE PROVIDERS**

Contracted personnel are funded by the Grantee and must be provided with existing policies and guidelines related to staff caseloads. In addition, these positions must be necessary to fulfill the IEPs of eligible young children and are limited to the following:

- Program Director – A portion of one program director's salary is allowable, with the understanding that indirect administrative costs are not going to be calculated on this item. The Grantee is responsible to ensure that the costs charged for this position are based on actual time spent in oversight of the early intervention program and/or services provided through the contract. This position should only be funded by the Preschool EI program when

the number of contracted staff requires this administrative support.

- Teachers
- Paraprofessionals
- Supervisors - A portion of the Supervisor's salary is allowable.
- Speech and language pathologists
- Speech and language pathologist assistants
- Physical therapists
- Physical therapist assistants
- Occupational therapists
- Certified occupational therapists
- Certified occupational therapy assistants
- Psychologists
- Nurses
- Service Coordinators
- Clerical Staff - This is an allowable cost when directly supporting the instructional program and should be in proportion to the early intervention services provided by the agency. Executive secretaries and other administrative support staff are not allowable as direct costs of the program.

Private providers that submit personnel costs on their Contractor Substantiation Form, that have different job classifications than those described in this section must submit job descriptions to their EI program prior to approval of the contract that will justify those positions in accordance with these guidelines.

## **BENEFITS**

Early Intervention funds via contract agreement may be used to pay for employer paid benefits for appropriate personnel. These costs include FICA, Retirement, Unemployment Compensation, Workman's Compensation, and Group Insurance and other benefits required through a collective bargaining agreement.

## **2.5 THE CONTRACT DOCUMENT**

At a minimum, the following information should be included in the contract developed by the Grantee.

### **REQUIRED CONTRACT TERMS:**

1. The start and end date for the contract not to exceed one calendar year.
2. The contract dollar amount and a capped dollar amount if necessary.
3. A section providing specifications for the services to be performed. This work statement must be complete, explicit and clear since this will be the document used to measure the contractor's performance.
4. The identification of responsibilities of all parties involved in the contract.
5. The identification all applicable federal and state statutes, regulations and guidelines that the contractor must comply with during the contract period. This

includes but is not limited to the Individuals with Disabilities Education Act (IDEA), Federal CFR Parts 300 and 301, Act 212 of 1990, State Regulations at 22 PA Code Chapters 14, and any State Early Intervention Program or fiscal guidelines.

6. A statement making it clear that the contractor is an independent agent and not an employee or official of the Grantee.
7. The "Hold Harmless" provision that protects the Grantee from legal suits and other problems incurred by the contractor.
8. The provision of an appropriate "Nondiscrimination" clause.
9. The provision of detailed information regarding the submission of program and fiscal data that is required from the contractor as well as the appropriate time frames for those submissions. Also provide the appropriate format for such data as needed.
10. The provision of a termination clause identifying when the contract can be terminated by the Grantee and for what specific reasons, based on needs of children and available funding. The process for terminating the contract must also be explained in detail.
11. The provision of procedures for monitoring the contract including site visits and the use of the provider monitoring tool developed by OCDEL-BEIS. All program and fiscal records pertinent to the contracted program should be included in any monitoring effort.
12. The language which identifies the kinds of contract revisions that are allowable and the time frames involved for completing those changes.
13. The provision of contractor integrity requirements that will address such areas as confidentiality, finances and the quality of the services provided.
14. The provision of an assurance clause regarding the quality and appropriateness of all space made available to eligible young children by the provider.
15. The language regarding the requirement for participating in Medical Assistance billing activities, completing and submitting Medical Access billing documentation to the Grantee who shall receive the total benefit from School Based Access Program reimbursement.
16. The identification of the time frames and requirements for returning any unexpended funds to the Grantee.
17. The provision of a clause that requires the retention of all contract related records for a period of six years after all final payments and contract requirements have been fulfilled.

18. The identification of all liability issues relating to the contractor, including all required insurance coverage.
19. The requirement of proper licensing of all appropriate facilities and proper certification of all personnel providing services through the contract.
20. The requirement for Act 33/34/151 clearances for staff that will be providing services under the contract.
21. A statement that equipment purchased by the contractor with contract funds is the property of the Grantee. A statement that requires the provider to first seek to borrow the equipment from the Grantee or an assistive technology pool prior to purchasing the equipment and any equipment purchased by a contractor must be pre-approved by the Grantee.
22. The provision of language that requires appropriate breakdown of contract costs. These costs must conform to the Early Intervention Fiscal Guidelines.
23. The requirement of all appropriate signatures and signature dates.
24. The provision of language that ensures any documentation, patents and copyrights gained through work performed by the contractor during the contract period becomes the property of the Grantee and ultimately the Federal or State Government depending upon the funding source.
25. The provision of terminology definitions being used in the contract when it is anticipated that there may be confusion as to its actual meaning and intent.
26. The provision of language that indicates whether or not the contract can be assigned to another contractor and, if so, under what conditions and only with prior approval of the Grantee of the employment of said subcontractor. Also provide information as to the approvals needed to take such action.
27. The provision of information that explains how contract disputes between the Grantee and a contractor will be resolved. The Grantee is responsible for the settlement of all such disputes.
28. If appropriate, provisions of Environmental Protection laws including the Clean Air and Water Act should be included in the contract language.
29. The provision of language that requires a copy of the annual audit report from the contractor.
30. The identification of any training requirements for the contractor prior to the implementation or during the duration of the contract.
31. The provision of language that institutes penalties for violating the terms and conditions of the contract.

32. The definition of the types of travel costs, if any, which will be allowable by the contractor during the term of the contract. Also include any limitations placed on the amount of those costs.
33. The Grantee should include specific “option to renew” or “extension” language in a contract when the possibility exists that the current provider may be asked to continue the contract beyond the initial contract period. However, the extension of the contract should not be the routine practice of the Grantee. All contracts should be negotiated and re-issued on a yearly basis.

## **2.6 LEASES**

Lease costs for early intervention classroom/assessment rooms are reimbursable up to fair market value with the following exceptions:

- When the classroom/assessment room is located in a district which operates a district-wide program for three or four year old children.
- Where a district is a Grantee and it uses space in district buildings for early intervention classroom/assessment rooms.

Other allowable costs include lease costs for certain equipment needed to support the instructional program. **Lease of instructional office space may not be charged to state early intervention funding**, but is allowable under IDEA, Section 619 and Part B, Component 1 funding.

## **2.7 TRANSPORTATION**

Only transportation costs related to field trips may be charged to an early intervention budget.

## **2.8 EQUIPMENT**

Equipment purchases are limited to purchases of instructional and/or assessment items for or related to serving eligible young children. Equipment, with a unit cost of \$1,500 or more, is subject to OCDEL prior approval.

Instructional items with a unit cost of less than \$1,500 are considered supplies. The Summary Budgets, Appendix B for all three funds – State EI, Federal 619 and Federal 611-Component 1 identify all equipment purchases of \$1,500 or more.

## **2.9 MAINTENANCE**

Early Intervention maintenance costs or a substantiated pro-ration of maintenance costs are reimbursable. A definition of these costs is found in the Pennsylvania Department of Education Manual of Accounting and Related Financial Procedures for Pennsylvania School Systems.

## **2.10 TRAVEL REIMBURSEMENT**

Early Intervention travel costs for eligible personnel are reimbursable. Allowable travel costs include meals and lodging, other transportation costs, and mileage not to exceed the current U.S. General Services Administration (GSA) Privately Owned Vehicle (POV) Mileage

Reimbursement Rate. Appropriate detail describing the rates charged for travel, lodging and meals, the number of children served (if applicable), the number of staff that traveled and the purpose of the travel are required with each budget/budget revision.

## **2.11 ADMINISTRATIVE COSTS**

Administrative costs will be allowed up to a maximum of 8 percent of the Grantee's original State Early Intervention allocation or 8 percent of an amended allocation if it is less than the original allocation. This percentage of administrative costs includes and must cover the total administrative costs of both the Grantee and all contracted private providers. If additional children are served beyond the allocated aggregate resulting in additional funding via the budget amount process, the preschool Early Intervention funds may not be used to pay for additional administrative costs. Allowable administrative costs will be based on the original allocation or amended allocation whichever is lower.

Supporting documentation is required for any administrative costs and must be reported with sufficient detail that demonstrates what funds are 8 percent of the Early Intervention allocation.

### **Federal General Administrative Regulations and Cost Principles**

Education Department General Administrative Regulations (EDGAR)

The Code of Federal Regulations (CFR) is a codification of the general and permanent rules published in the Federal Register by the executive departments and agencies of the federal government. Title 34 of the CFR contains the regulations issued by the U. S. Department of Education. 34 CFR Part 80 contains the Education Department General Administrative Regulations (EDGAR) that apply to state and local government (Part 80 - Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments).

Cost Principles

The cost principles that State and Local governments are to adhere, as established by 34 CFR Part 80.22, are the cost principles stated in OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments.

Contractors must maintain time and effort documentation for all personnel charged to a federal grant that are paid from more than one funding source.

## **2.12 AUDIT COSTS**

Reasonable costs for auditing the preschool early intervention program are reimbursable. The approximate ratios of state and federal allocations to the total EI allocation from the commonwealth shall be used to assign audit costs.

### **Audit Requirements**

The Contractor/Eligible Recipient must comply with all federal and state audit requirements including: the Single Audit Act, as amended, 31 U.S.C. 7501 et. seq., as well as the Uniform Grant Guidance (OMB Supercircular) as adopted by the Pennsylvania Department of Education

## **Submission of Audit Information to the Commonwealth**

The grant recipient shall submit copies of the Single Audit Report package to the commonwealth which includes the following:

1. Data Collection Form.
2. Financial statements and schedule of expenditures of federal awards.
3. Auditor's reports on the financial statements and schedule of expenditures of federal awards, internal control and compliance as well as a schedule of findings and questioned costs.
4. Summary schedule of prior audit findings.
5. Corrective action plan.
6. Management letter comments.

In instances where a federal program-specific audit is available, the audit report package for a program specific audit may be different and should be prepared in accordance with the audit guide and OMB Circular A-133 Uniform Grant Guidance (OMB Supercircular).

The number of copies to be submitted shall include the following:

- One for the Bureau of Audits (archive copy)
- One for each Grantor Agency that provided federal pass-through awards to the entity, as reflected in the entity's Schedule of Expenditures of Federal Awards.

The audit package should be sent to:

Office of the Budget  
Bureau of Audits  
Division of Subrecipient Audit Review  
Verizon Tower - 6<sup>th</sup> Floor  
303 Walnut Street  
Harrisburg, PA 17101  
Phone: 717.783.9120  
Fax: 717.783.0361

## **General Audit Provisions**

The Contractor/Eligible Recipient is responsible for obtaining the necessary audit and securing the services of a certified public accountant or other independent governmental auditor. Federal regulations preclude accountants licensed in the Commonwealth of Pennsylvania from performing audits of federal awards.

The commonwealth reserves the right for federal and state agencies or their authorized representatives to perform additional audits of a financial or performance nature, if deemed necessary by the commonwealth or federal agencies. Any such additional audit work will rely on work already performed by the Contractor/Eligible Recipient's auditor, and the costs for any additional work performed by the federal or state agencies will be borne by those agencies at no additional expense to the Contractor/Eligible Recipient.

Audit working papers and audit reports must be retained by the Contract/Eligible Recipient's auditor for a minimum of three years from the date of issuance of the audit report unless the Contractor/Eligible Recipient's auditor is notified, in writing, by the commonwealth or the cognizant or oversight federal agency to extend the retention period. Audit working papers will be made available upon request to authorized representatives of the commonwealth, the cognizant or oversight agency, the federal funding agency or the General Accounting Office.

## **2.13 OTHER**

Other support costs including utilities, insurance coverage, advertising, supplies, books, other pertinent referenced materials, communications (e.g. telephone, printing and binding, and postage) and dues and fees for agency membership in early intervention related organizations are allowable up to a maximum of 3 percent of the Total Expenditures of the program across all funding streams. Individual membership costs are only allowed if related to the Medical Access billing process (e.g., licensure or ASHA affiliation).

## **2.14 MEDICAL ACCESS (MA) DRAWDOWN REQUESTS**

All MA drawdown requests must be made to OCDEL-BEIS using the PDE 352M and include specific information in the cover letter regarding the use of the funds. **MA funds must be used to support the core** of the early intervention program or to address emergencies or unique needs of the program. An explanation of the allowable uses of Access Drawdown funds for EI can be found in the Medical Access (MA) Guidelines at the end of this document. It is the expectation that if the total amount of MA drawdown requests supersedes the amount submitted in the original budget, that a budget revision is completed to accurately document the total amount of MA Access funds expenditures for that year. A drawdown request may not span more than one fiscal year.

## **2.15 UNALLOWABLE COSTS**

All cost items not specified in these guidelines are unallowable unless individually and specifically approved by OCDEL. Unallowable state fund costs include such things as interest expense, mortgages, non-instructional equipment and office space rentals. These costs are to be applied to federal funds only. Preschool early intervention funds may not be used to fund services for children who are eligible to attend kindergarten but have remained in their extra year of preschool early intervention.

# **SECTION III**

## **ADDITIONAL INFORMATION**

### **3.1 RECONCILIATION OF CASH ON HAND QUARTERLY REPORT**

The purpose of this report is to ascertain that the scheduled payments are adequate to cover the monthly cash needs of the grantee without allowing substantial cash reserves to accumulate at the local level.

Grantees can also use the report to alert the Comptroller's Office about any extraordinary cash needs it may have in any month of the quarter for which the report is being filed.

## Filing Requirements

All grant recipients are required to submit their quarterly reports electronically using the Financial Accounting Information (FAI) website. A Reconciliation of Cash On Hand Quarterly Report is to be electronically submitted to the Comptroller's Office, LECS Federal Accounting Division on or before the 10<sup>th</sup> working day of the month after the quarter ends (October, January, April and July). Electronic reports are considered delinquent if submitted after the 10<sup>th</sup> working day. The LECS Comptroller's Office work calendar is used to determine the 10<sup>th</sup> working day of the month. Paper copies of the Reconciliation of Cash On Hand Quarterly Report are not accepted.

Generally, the Grant Agreement programs use the FAI web system and require Reconciliation of Cash On Hand Quarterly Reports. The FAI web system operates within the MyPDESuite. Grantees must establish security clearance through the MyPDESuite before accessing the FAI system. For assistance accessing the MyPDESuite and/or the FAI web system, contact the helpdesk at 717.783.6686.

If the quarterly cash report is not received by the 10<sup>th</sup> working day, the Grant Agreement payment(s) will be suspended until such time as the report is received and processed for payments. Quarterly reports are required only after funds have been received. For example, funds received in January require a quarterly report submission on or before the 10<sup>th</sup> working day in April. Also, a quarterly report is not required for Grant Agreements having received all of their scheduled monthly payments and/or for the final fiscal quarter of the Grant Agreement.

## Excess Cash

A cash surplus exists when a quarterly cash report shows cash on hand that exceeds one monthly payment by one dollar. If the surplus cannot be satisfactorily explained or justified, future payment(s) will be suspended until the excess cash is used. The Comptroller's Office will make the final determination as to whether or not the *extraordinary cash needs* are properly explained and justified.

*Extraordinary Cash Needs* are defined as cash requirements that are materially more than the regularly scheduled monthly payment(s).

## Cash Deficit

A cash deficit exists when a quarterly cash report shows cash on hand that is less than zero. A cash deficit greater than 50 percent of the scheduled monthly payment will initiate accelerated payment(s) to compensate for the cash deficit. A Grant Agreement experiencing a cash deficit may also have *extraordinary cash needs*. In this situation, *extraordinary cash needs* that are properly explained and justified may result in additional accelerated payments. The Comptroller's Office will make the final determination as to whether or not the *extraordinary cash needs* are properly explained and justified.

## 3.2 BUDGET REVISIONS AND FUNDING INCREASES/DECREASES

Grantee budget revisions in the state and both federal 619/611 early intervention allocations may be electronically filed as often as needed. However, it is recommended that

revisions be submitted only when a substantial number of adjustments are needed to reflect an accurate budget.

The purpose of a budget revision is to transfer funds from one or more budget function or object categories to other function or object categories or to increase/decrease categories following an OCDEL funding adjustment.

A major category of expenditure, for purposes of these project grants, is considered to be a Function Total or a Major Object Total. To determine if a budget revision is needed, check the Summary Budget. If a row or column total will exceed 10 percent of the approved Summary Budget row or column totals, and the amount of variance will exceed \$10,000, then a budget revision is necessary. A brief rationale must accompany this information explaining the reasons for the revision. All budget pages and related information must be electronically filed by the due dates noted in the "Due Dates" section.

A project Budget Revision is required when:

1. There is a variance in any major category of expenditure that exceeds 10 percent of the category amount in the approved budget and that variance exceeds \$10,000.
2. A transfer of funds is to be made to a previously unbudgeted category, or
3. There is a change in the total amount of the contract (project). (See Funding Increase and Funding Decrease below)

### **Funding Increase**

Upon written notification of a funding increase, grantees are to submit a budget amendment and Summary Budget.

### **Funding Decrease**

Upon written notification of a funding decrease, grantees are to submit a budget amendment and Summary Budget.

No changes in the total amount of the Grant Agreement will be accepted unless such action resulted from compliance with specific instructions from OCDEL.

### **Due Dates**

- A Summary Budget involving a funding increase shall be due on the date specified at the time OCDEL written notification of a funding increase.
- A Summary Budget for a funding decrease shall be due on the date specified at the time of the OCDEL written notification of a funding decrease.
- Budget Revisions for Federal IDEA 619/611-Component I budget transfers are due on or before April 30<sup>th</sup>.
- Budget Revisions for state early intervention budget transfers are due on or before June 1<sup>st</sup>.

If you choose to submit a signed, hard copy (this requirement is exempted for those who submit all of their documents electronically), please send an original copy, signed in blue

ink and the following documents:

- Justification cover letter detailing the rationale and changes made to the budget
- Cover sheet
- State EI -- Appendix B Summary Budget to include the PDE 403 State Early Intervention Preschool Budget
- Federal IDEA 619/611- Appendix B Summary Budget
- Preschool Expenditure Detail - Expenditures by Minor Object
- Preschool Expenditure Detail (PDE-2584)
- Grant Agreement Amendment - necessary only if there is a change to the terms of the Grant Agreement. The Grant Agreement Amendment requires an original signature, signed in blue ink.

Send the Budget Revisions or Grant Agreement Amendments to:

Pennsylvania Department of Education  
Office of Child Development & Early Learning  
Finance Administration and Planning  
333 Market Street, 6<sup>th</sup> Floor  
Harrisburg, PA 17126-0333  
Attention: Kathy Vradenburgh, 717.346.1117, [kvradenbur@pa.gov](mailto:kvradenbur@pa.gov)

### **3.3 QUARTERLY REPORTING**

**Electronic submissions (via the eGrants system) of quarterly revenues and expenditures reports for the early intervention allocation program will be due to OCDEL no later than fifteen business days following the close of the quarter.**

### **3.4 FINAL EXPENDITURE REPORTS**

Electronic (via the eGrants system) and signed, hard copy submissions of the state Final Expenditure Reports (PDE 2011-S and PDE 404) for the early intervention allocation program year must be submitted to OCDEL by September 30 of the following fiscal year. Electronic submission (via the eGrants system) of the Federal Final Expenditure Reports (PDE 2011F) for the early intervention allocation program year must be submitted to OCDEL by August 30 of the following fiscal year.

The following documents are required to be submitted to OCDEL:

**State Early Intervention by September 30<sup>TH</sup>**

- PDE 2011-S - Final Expenditure Report
- PDE 404 - State Early Intervention Preschool Final Expenditure Report
- Actual Expenditures
- Preschool Expenditure Detail
- Supplemental Page for 404 Budget form
- Equipment Breakdown – Actual Expenses
- Preschool Expenditure Detail All Expenditures of the state early intervention program
- Preschool Expenditure Detail State Early Intervention Expenditures only of the state early intervention program
- Comparison of Budget and Actual Expenditures

- Final Expenditure Report for the LEA's who receive pass through funding for special education and related services for 5 year old children with disabilities enrolled in Kindergarten
- At the discretion of OCDEL, Grantee may be required to provide a final program narrative
- The Grantee must report all MA ACCESS Reimbursement amount and expenditures on this report

**Federal 619/611 by August 30<sup>TH</sup>:**

- PDE 2011F - Final Expenditure Report
- Actual Expenses
- Equipment Breakdown
- Preschool Expenditure Detail All Expenditures of the state early intervention program
- Comparison of Budget and Actual Expenses
- At the discretion of OCDEL, Grantee may be required to provide a final program narrative

The Final Expenditure Report must be either electronically OR manually signed by the chief school administrator or authorized representative of the grantee and must be submitted by the above mentioned due dates.

Failure to comply with timely reporting will lead to delay in processing and possible future payment delay.

The Final Expenditure Report is to be completed in accordance with the instructions for the forms, as well as any directions on the form itself. Instructions for the forms are provided with the contract grant application package.

The Final Expenditure Report provides a section for computing the reconciliation of project funding received from the commonwealth with project expenditures. If a refund is due to the commonwealth, a refund check must be attached to the Final Expenditure Report. If a final payment is due to the grantee, the payment is processed by the Comptroller's Office after they receive the approved Final Expenditure Report from OCDEL.

Grantees are advised that failure to include any of the information requested in the form instructions, or failure to submit a refund check, when applicable, may delay the review and processing of the report and may, in return, result in payment delays on the project and/or on other federal projects the grantee may have with OCDEL or PDE.

Actual expenditures that were not approved in the project application budget or budget revision may be disallowed. Additionally, actual expenditures in any major category of expenditure that exceed 10 percent of the category amount in the approved budget and the amount of variance exceeds \$10,000, without prior approval, may also be disallowed. Variances of this nature should fully be explained in a letter attached to the Final Expenditure Report.

For those who will not electronically sign their Final Expenditure Report, please mail a signed, hard copy to:

Pennsylvania Department of Education  
Office of Child Development & Early Learning  
Finance Administration and Planning  
333 Market Street, 6<sup>th</sup> Floor  
Harrisburg, PA 17126-0333  
Attention: Kathy Vradenburgh

Any questions regarding the fiscal aspect of the Final Expenditure Report may be directed to Budget Analyst, Brian Bell, 717.346.0038, [bribell@pa.gov](mailto:bribell@pa.gov).

### **3.5 MEDICAL ACCESS**

Agencies providing early intervention under contract as a Grantee in Pennsylvania are required to participate in the School Based ACCESS Program (SBAP) and shall receive reimbursements from the federal Medicaid School Based ACCESS Program for direct health-related services. These reimbursements are kept in specific accounts for the agency's Preschool EI program at the Pennsylvania Department of Education (PDE).

Agencies are to work with OCDEL to plan and budget for their MA reimbursement amounts as part of their total early intervention budget. The anticipated MA reimbursement amount will be identified as a portion of the total allocation in the agency's early intervention budget. The MA reimbursement target amount will be regularly monitored to determine if what has been earned equals the target. Modifications to the MA reimbursement target amount may change and corresponding changes to the state EI allocation may also occur. For the purposes of calculation the annual contribution by a program for the SBAP program, deposits into the FAI for that current fiscal year will be considered. Amounts owed to or by the Preschool EI program as part of the cost settlement activities shall be calculated into the target (contribution) for the fiscal year in which the cost settlement payment to or from the Preschool EI program occurs.

NOTE: The cost settlement payment to/from a program will occur two fiscal years after the close of the year in which settlement will occur. Available balances in the FAI system will be considered for meeting the annual contribution amount.

Agencies shall participate in all Random Moment Time Study (RMTS), Medicaid Cost Reporting & Claiming System (MCRCS), Medicaid documentation and claiming, compliance data collection and year end reporting activities. Agencies shall also participate in any audit activities performed by state and federal government entities.

Agencies shall follow the procedures outlined for a request of Medical Assistance funds:

1. Each agency must complete and submit form PDE-352M to OCDEL-BEIS along with a budget summary explaining how the funds will defray the costs of the EI core program and an explanation of the purpose of the expenditure by object code.
2. If the drawdown request differs from the most recently approved state EI budget, a justification and subsequent budget revision must be provided.
3. Any amount of funds drawn down from the PDE account must be accounted for on the State EI Final Expenditure Report.
4. The chief administrative officer of the agency must sign form PDE-352M.
5. Once the funds have been approved by OCDEL-BEIS for disbursement, the PDE-

352M is sent to the Comptroller's Office for processing. As per the Comptroller's Office, funds are transferred to the agency's local bank account approximately two months after the request is received by OCDEL- BEIS.

6. If possible, the agency should bundle several small requests and submit on one form. It is more cost effective to process two or three large requests per year per agency than ten or twelve small requests. As per the Comptroller's Office, requests that are under \$1,000.00 will not be processed.
7. A drawdown request may not span more than one fiscal year.
8. Any drawdown request made after September 1 of the following fiscal year must include a rationale describing why it is submitting the request more than three months after the end of the fiscal year.

Each agency must report MA ACCESS revenues and expenditures on their state EI Final Expenditure Report (FER) in accordance with the state EI FER reporting requirements.

NOTE: Services that are billable through the SBAP must be reimbursed by state or local early intervention funds, rather than federal funds.

# **Allowable School-Based ACCESS Expenditures**

(Use Form PDE-352M)

## **Personnel**

Early Intervention (EI) professional positions - salaries and benefits

EI classroom instructional aides-salaries and benefits

Personal Care aides-salaries and benefits

School Based Access Program coordinators-salaries and benefits

Nurses-salaries/benefits for percentage of time spent with EI students

Clerical support staff for ACCESS record keeping-salaries and benefits

Clerical support staff for the EI program for the time spent in direct student support (typing, filing, mailing of IEPs, evaluation reports ERs, Invitations to IEP meetings) - salaries and benefits. Substitutes for EI classes for teachers attending IEP meetings or trainings

## **Access Program Costs**

Copiers

Computers

Paper Supplies

Equipment Maintenance

FAX machine

Printers

File Cabinets

Internet access for purposes of accessing Leader's Web-Based Program; e.g. SBAP Billing program and IEP writer program

## **Training**

CPR and First Aid Training

Conferences and Workshops for EI staff and Administrators

Inclusion Conferences and Workshops for Regular Educators

Parent Training for Early Intervention

Manuals or other materials required for training programs

## **Property**

EI classroom computers

Staff computers when they are used for writing IEPs, ERs, lesson or treatment plans, or record keeping

Specialized furniture for children

Therapy room furniture

Furniture needed for computer use

Televisions and VCR's/DVD's (with closed caption capability)

Portable stair climbers

Wheelchairs

Computer networking

Therapy equipment

## **Contracted Services**

Psychological testing

Early Intervention services with private providers

Training for staff

Maintenance contracts on computers, copiers, etc.

## **Transportation**

Car seats, seat belts, vests, etc.

## **Supplies**

Personal care supplies for EI children

Health room supplies for EI children

Paper supplies needed for School Based ACCESS Program, IEPs, ERs, or other child specific documents

## **Child and Curriculum Specific**

Field trips that are tied to the curriculum

Speakers and programs brought into the program

Tests

Books

Software

Adaptive feeding equipment Instructional materials

Teacher manuals

[PDE-352M](#) (Excel) (MAWA Agencies Only)

### **3.6 OTHER ISSUES**

Unexpended/Unencumbered funds as of June 30 must be returned to OCDEL along with the final expenditure reports and their respective due dates. The amount to be recovered will be based upon the reports. Interest earned on state early intervention funds during the program year must be applied against that year's expenditures. Earned interest must be reported on the budget and final expenditure reports.

For more information, please contact Budget Analyst, Brian Bell, Office of Child Development & Early Learning Finance, Administration and Planning, 717.346.0038, [bribell@pa.gov](mailto:bribell@pa.gov).