



YOUR Florida Department of Education

Fundamentals of Advance Payments and Cost Reimbursement

2008-09

Advance Payments

- DOE will advance 24% of total GR
- 80% of first two month's payroll from federal funds.
- DOE/DVR will calculate the amounts.
- Organizations will then request their advance payment

Advance Payments

- May temporarily invest in interest bearing account.
- Any interest earned must be returned to DOE/DVR or offset against the state's obligation to pay.

Advance Payments

- Must be spent and accounted for same as other funds received from DOE/DVR
- After 90% of the advance is spent the organization may request reimbursement.

Cost Reimbursement



Cost Reimbursement

- Organizations are reimbursed for costs that are:
 - ✓ Documented
 - ✓ Allowable
 - ✓ Reasonable and Necessary
 - ✓ Allocable
- Minimum performance standards must also be met.

Cost Reimbursement

Cost Reimbursement

- ✓ A cost reimbursement situation does not exist until funds have been spent.
- ✓ Incurring a liability or obligating funds does not constitute a reimbursable situation.
- ✓ Cost reimbursement occurs after obligations have been liquidated.

Fiscal Accountability - Expenditures

- **All expenditures must be:**
 - **Allowable,**
 - **Reasonable and Necessary,**
 - **Allocable, and**
 - **Net of any rebates, credits, discounts, or refunds.**

Fiscal Accountability - Expenditures

- **Allowable**
 - **Federal Laws and Regulations**
 - **State laws and rules**
 - **In accordance with grant terms and conditions**
 - **Included in Budget**

Fiscal Accountability - Expenditures

Allowable (Federal)

- **Federal Statutes**
- **Regulations**
- **OMB Circular A-122**

Fiscal Accountability - Expenditures

Allowable (state)

- **Reference Guide For State Expenditures found at**

<http://www.fldfs.com/aadir/>

- **Florida Statutes found at**

<http://www.leg.state.fl.us/Welcome/index.cfm?CFID=115452554&CFTOKEN=73584926>

- **Florida Administrative Code found at**

<http://www.flrules.org/>

Fiscal Accountability - Expenditures

Allowable

- **Attorney General's Opinion 078-101:**
To expend state funds you must have
Expressed or Necessarily Implied Legal
Authority
- Applies to all disbursements from the
state treasury regardless of source (state
or federal)

Fiscal Accountability - Expenditures

- **Reasonable and Necessary**
 - **Arm's length transaction**
 - **Competitive procurement**
 - **Fair market price**
 - **Needed for program**
 - **Minimum amount is spent to meet the need**
 - **Could you defend the purchase?**

Fiscal Accountability - Expenditures

- **Allocable**
 - **May only charge the amount of an expenditure equal to its proportionate benefit the program**
 - **Must be obligated within time period stated in grant.**

Questionable Expenditure Examples:

- ? Candy
- ? Alcohol
- ? Banquets
- ? Decorations
- ? Greeting Cards
- ? Gift Cards
- ? Lobbying
- ? Personal Cellular Telephones



Questionable Expenditure Examples:

? **Fund Raising**

? **Promotional Items**

? **Entertainment**

? **Meals not in accordance with Section
112.061FS**



Note: some of these items may be allowable with statutory authority.

Questionable Expenditure Examples:

? Microwave Ovens*

? Refrigerators*

? Coffee Pots*

? Portable Heaters*

? Fans*

**For the personal
convenience of staff.*

? Flowers

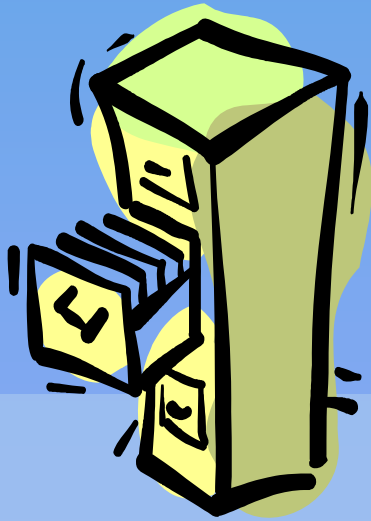
? Congratulatory
Telegrams

? Refreshments

? Office Parties

*Note: some of these items
may be allowable with
statutory authority.*

Fiscal and Program Accountability



- Project Records:
 - All disbursements must be supported by adequate documentation.
 - Records retention: State requires keeping records for five years

Fiscal Documentation

- **Objectives are to prove that all expenditures are:**
 - **Allowable**
 - **Necessary and Reasonable**
 - **Allocable**
 - **Facilitate an Audit**

Fiscal Documentation

- **Documentation should be:**
 - **Sufficient**
 - **Reliable**
 - **Verifiable**

Fiscal Documentation

Sufficient

- **Document entire transaction**
 - **From authorization to payment**
 - **Adequately describes the timing, nature and details of the transaction**
- **Provides justification as necessary**

Fiscal Documentation

Reliable

- **The most reliable documentation usually comes from outside sources.**
- **Examples include bank records, price quotes from vendors, vendor invoices, signatures provided by clients acknowledging services received**

Fiscal Documentation

Reliable

Internal documentation should be approved by the person in the best position to acknowledge, for example:

- **Timesheets signed by employee & supervisor.**
- **Receiving reports completed and signed by employee who actually receives goods or services.**

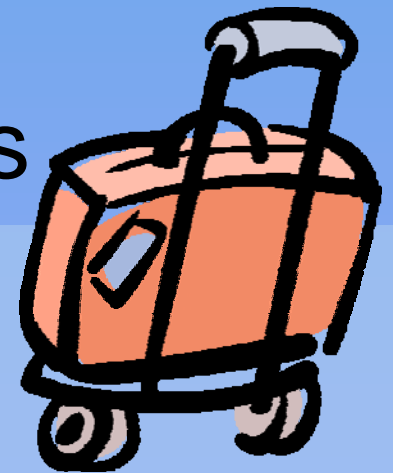
Fiscal Documentation

Verifiable

- **Documentation should be complete and in enough detail for subsequent verification.**
- **For example:**
 - **Attendance – name, organization, signature, contact information, etc.**
 - **Price quotes – Vendor name, contact name, date, items quoted, amount, etc.**

Travel

- Travel performed and reimbursed only as provided by state law (Section 112.061, F.S.)
- Must use DOE travel forms
- New amounts and forms
- Reference Guide for State Expenditures is helpful



Travel

- Rates
 - Per Diem - \$80
 - Breakfast - \$6
 - Lunch - \$11
 - Dinner - \$19
 - Mileage - \$.445 per mile (round down to nearest cent)
- Hotel: Up to \$150 without additional justification (use most economical for area and season)

Fiscal Documentation

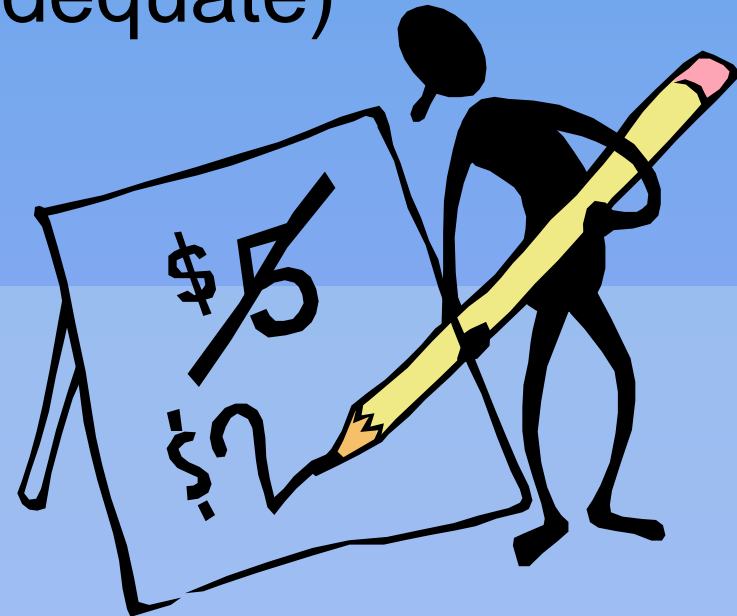
- Examples:

- \$ Paid detailed vendor invoices
(Statements are not adequate)

- \$ Cancelled Checks

- \$ Bank Statements

- \$ Payroll Registers



Fiscal Documentation

- Examples:

- \$ Signed Employee Project Time Sheets

- \$ Travel vouchers in accordance with Section 112.061 Florida Statutes

- \$ Subcontracts

Exercise



Expenditure

Documentation

Employee salary

?

Office Rent

?

Consultant

?

Office Supplies

?

Utilities

?

Travel

?

Fiscal and Program Accountability

- Keep records that:
 - Document resources used in the project
 - Document Services and Deliverables
 - Document activities performed
 - Document proper disbursement and accounting of funds
 - Facilitate an effective audit

Program Income

- Program income
 - Includes: fees for services, rental of property, sale of commodities or items.
 - Generally does not include interest earned on project funds, rebates, credits, discounts, or refunds.

Program Income

- Generally deducted from the total allowable costs to determine net allowable costs
- When authorized by DOE can be added to the project

Disposition of Equipment

- When equipment is no longer needed for original project or other federal program:
 - Fair market value of less than \$1,000 – no obligation to DOE/DVR
 - Fair market value in excess of \$1,000 – awarding agency should receive share of the value; approval from the Department is necessary

Common Issues

- Subcontracts with vague scopes of work
- Travel not in accordance with Section 112.061 F.S.
- Expenditures outside of time period
- Not segregating funds
- Questionable costs
- Interest earned on advance payments must be returned to the state or offset against what is owed



Thank You!

We welcome your feedback and input into our systems, processes, and procedures. Please feel free to contact me.

Ed Clayton, Assistant Chief

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