



Montana Office of Public Instruction

ARPA Internal Control and Subrecipient Monitoring Plan

Introduction

The State of Montana received an award of \$382,019,236 from the American Recovery and Reinvestment Act (ARPA). The Montana Office of Public Instruction (OPI) has elected to reserve 10% of the award, \$38,201,924 as allowed under the terms of the grant. The OPI will use 0.5%, or \$1,910,096 for administrative costs related to the ARPA award and the OPI has kept \$36,291,828 in reserve for focused uses as appropriated by the State Legislature in HB632. The remainder of the SEA Reserve will be granted to schools, so the total distribution of the Montana ARPA award is as follows:

Fund Use	Budget
Allocation of 90% using Title I awards	343,817,312
Ensure minimum award of \$10,000 per school	3,400,000
Allocation to Other Educational Institutions	120,000
Education Leadership in Montana	555,234
OPI Data Base Modernization	5,475,248
State Loss of Instructional Time	19,100,962
State Summer Enrichment	3,820,192
State Afterschool School Programs	3,820,192
Administrative Costs	1,910,096
TOTAL	382,019,236

Internal Control Plan

Management Structure. The following personnel will be involved with the management of the ESSER grant:

Jeff Kirksey, Program Manager – Responsible for overall grant management, creating the risk assessment matrix of subrecipients, approval of subrecipient applications including budget proposals, review of cash draws for subrecipients classified as “risky”, communication of grant requirements to public school stakeholders, monitoring of “risky” subrecipients, program reporting.

Jay Phillips, Centralized Services Division Administrator – Oversees development of E-grants modules to support the grant, approval process for cash draw requests submitted by subrecipients, management of accounting systems to preserve auditable documents for transactions, cash management of grant

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funds drawn from G5 as needed, establishment of fiscal internal controls for management of funds, fiscal reporting

Jack O'Connor, Title I Director – Responsible for managing data collection for nonpublic school enrollment, serves as the nonpublic school Ombudsman for Montana, and supports and advises on all equitable share issues.

Mindi Askelson, E-grants System Analyst – Administrative position funded by the grant to provide direct support of all E-Grants processes and design E-grants improvements to improve usability and ease of access for subrecipients.

Barb Quinn, Budget Analyst – Responsible for processing ARPA GANS, obtain and manage spending authority from the State Office of Budget Program Planning, and provide financial analysis support for the grant.

Catlin Clifford, Grant Accountant – Responsible for processing approved payments to subrecipients in the agency accounting system and responding to subrecipient questions.

Grants Management System

A grant module was added to E-grants to support the ARPA award. The process flow is as follows:

- Award amounts are loaded for each LEA.
- Each LEA creates an application that includes sections for equitable share calculation, budget proposal, certification of compliance with requirements of this grant and Uniform Guidance, a statement for plans to comply with GEPA 427.
- The application is submitted by the LEA's authorized representative, a role within each LEA with authority to agree to grant requirements.
- The application is reviewed by the Program Manager with special attention given to
 - Equitable share calculation is reasonable
 - Budget amounts are reasonable and uses of the funds meet ARPA requirements, and
 - The GEPA 427 statement is reasonable.
- Any deficiencies are documented and the application is returned to the LEA for revision.
- When there are no deficiencies, the Program Manager approves the application.
- The LEA files a cash request that details the budget area and specific use of the funds.
- Cash requests for "risky" subrecipients are routed to the Program Manager for initial review.
- Approved "risky" cash requests and all "not risky" cash requests are routed to the Grant Accountant for review and final approval.
- Approved cash requests are paid once per month.

A description of standard fiscal controls for all OPI federal grants is attached as **Appendix A**.

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Risk Assessment and Mitigation

2 C.F.R. 200.331(b) states an SEA must evaluate *each* subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring which may include consideration of such factors as:

- 1) The subrecipient's prior experience with the same or similar subawards;
- 2) The results of previous audits, including whether or not the subrecipient receives an A-133 Single Audit in accordance with Subpart F-Audit Requirements of the Uniform Grant Guidance and the extent to which the same or similar subaward has been audited as a major program;
- 3) Whether the subrecipient has new personnel or new or substantially changed systems; and
- 4) The extent and results of Federal awarding agency monitoring (e.g., if the subrecipient also receives Federal awards directly from a Federal awarding agency).

OPI Responsibility:

- Each Senior Manager, Director, Chief Program Officer and Deputy Superintendent has the responsibility to ensure risk assessments are completed for each federal grant managed in their area of responsibility.
- Each federal Grant Manager has the responsibility to conduct a risk assessment when grants are either awarded (competitive) or allocated (formula) and to implement special grant conditions where appropriate. The Grant Manager also has the responsibility to keep on file the documents used for the risk assessment and the resulting special conditions.
- The School Finance School Auditor has the responsibility to review all subrecipient audits and assign a financial risk status for each.
- The Centralized Services Administrator has the responsibility to review the results of the risk assessment and implementing any special conditions prior to distributing funds to subrecipients.

Financial Risk Assessment:

- The OPI School Auditor has the responsibility to maintain a list of all LEAs and the most recent risk rating of each and to make this list available to all grant managers.
- Upon the request of a Grant Manager, the OPI School Auditor will review audits of non-LEAs and assign a financial risk rating.
- Upon the request of a Grant Manager or the Centralized Services Administrator the OPI School Auditor will recommend special conditions that will mitigate the financial risk of an entity. The Centralized Services Administrator will assign

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special conditions based on audit findings and recommendation of OPI School Auditor.

- Annually, the OPI School Auditor will do a search of the Federal Audit Clearinghouse for audits of OPI subrecipients that occur because of awards made directly to the subrecipient.

Risk Assessment Process

- The Grant Manager will conduct a risk assessment prior to awarding or allocating grants to subrecipients. Prior to the risk assessment, the Grant Manager will assemble the following items for each potential subrecipient:
 - Funding Level – Risk factors associated with funding level.
 - Prior experience – A notation of any issues that have been observed in achieving the goals of the grant in prior years.
 - Financial Risk Assessment – Obtained from the School Auditor, possible ratings are High Risk, Watch, Pass, and Not Rated.
 - Management Changes - Whether the subrecipient has new personnel or new or substantially changed systems. In a case where an LEA hires a superintendent, for example, the new individual's prior experience may be considered as a mitigating factor to risk.
 - Federal Monitoring – Program Manager will consider any results of Federal agency audits.
- The Grant Manager and possibly other members of the grant team will meet to review the items above for each potential subrecipient and rate each subrecipient as “Risky”, “Watch”, or “Pass”.
- For each subrecipient rated as “Risky”. The review team will determine appropriate special conditions that may include but are not limited to:
 - A review with the subrecipient management of the reasons for the rating and plans to mitigate.
 - Additional desk or site monitoring in addition to the regular cycle for the grant.
 - Additional requirements for funds disbursement such as requiring invoices or other documents for cash disbursements.
- The Grant Manager will document risk results and special conditions for each LEA on the Risk Assessment Summary. Upon completion of the Risk Assessment Summary the Overall Assessment Committee will review, determine overall assessed level of risk, and approve risk level.
- For subrecipients identified as “Risky” on the Risk Assessment Summary, recommendation of risk status and special conditions will be forwarded to the Risk Committee and the Superintendent for risk level approval.

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- The grant award notice sent to the subrecipient must include the risk rating and any special conditions attached to the award as well as notice of the process for appeal.
- The Centralized Services Administrator will implement any fiscal special conditions noted in regards to processing of payments.
- The Grant Manager will implement special conditions not related to payment processing.

Subrecipient Monitoring Plan

Due to the continued presence of COVID-19 in Montana, the OPI has instituted a policy of not traveling to an LEA site unless requested to do so by the LEA Superintendent. Therefore, the monitoring plan does not include any site visits at this time. Instead, the OPI will rely on the equivalent of desk audits for monitoring.

LEAs classified as “risky” will receive a desk audit annually by the Program Manager. The remaining LEAs will receive desk audits based on random sample methodology. All desk audits at a minimum will include the following:

- Detailed documentation of one month’s expenditures, reconciling LEA accounting system transactions with cash draws to supporting documents.
- Status of corrective actions from last budget.
- Inventory of any equipment purchased with grant funds.
- Discussion of provision of equitable share services.
- Discuss plans for remaining grant funds.

Cash Request Process

- Requests for reimbursement are submitted monthly to the OPI by subrecipients. Requests are compared to the approved budget to ensure activity is in alignment with allowable costs. In the event there is potential unallowable activity, requests are rejected with a request to provide more information or supporting documentation to justify cost. The cash review process is a monthly fiscal activity monitoring activity that gives OPI assurance over expended funds.

Current Capacity

- Currently the Program Manager administers monitoring of subrecipients. Current capacity is sufficient to complete desk audits using the above methodology. Increased needs in capacity will be assessed once the level of “risky” subrecipients is identified and post first year of desk audits. In the event additional monitoring is needed to ensure compliance with applicable regulations OPI will seek additional resources as appropriate.
- OPI will provide continued technical assistance to subrecipients based on identified need during desk audits or through general interactions with subrecipients.

APPENDIX A


Does the SEA have standardized, documented procedures for accounting for Federal funds and Does the SEA’s accounting system allow for the identification of award amounts, authorizations, obligations, subaward amounts, and unobligated balances for each federal award?

OPI utilizes the state of Montana’s approved accounting system (SABHRS) to complete all fiscal activity for state and federal funding. SABHRS allows OPI to manage state and federal funds from initial budget setup, tracking of expenditures, and extraction of fiscal data for applicable reporting.

When OPI receives the current years funds (GAN) the funds are allocated based on the requirements of the grant (i.e. Admin, Set Asides, Flow through, etc). To setup budgets in SABHRS the OPI Budget Analyst utilizes the New Grant Setup Checklist to ensure all applicable steps are completed in setting up allocations. OPI utilizes “project ID’s” for each type of funding source to ensure funding is expended within the applicable budget period and incurred expenditures are accurately reported at the state level. Use of project ID’s allows OPI to separately track funds expended for administration (Personal Services and Operating) of the program and those funds which are sub-granted (Flow through).

Example New Grant Setup Checklist

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New Grant Setup Checklist

GRANT INFORMATION

Division name/Adm Name: EOE 028070 Debrae Hunsaker

Description: Title 1 Education

CFDA# 84.010A

Determine the Prog Program 6 Program 9 PRIVATE / PROPRIATARY / STATE SPECIAL

Project ID	<u>EOE_651</u>	<u>EOE_658</u>	<u>F5 1931-1</u>
Fund	<u>03002</u>	<u>03002</u>	<u>47,240,692</u>
Budget Code	<u>651</u>	<u>658</u>	
Fund Source	<u>19651</u>	<u>19651</u>	<u>New Day 43,372</u>
Sub Class	<u>15549</u>	<u>15549</u>	<u>PART D 472,099</u>
Org	<u>H80002-09</u>	<u>H80002-09</u>	

Date: 7/3/2018

CHECKLIST

- Create Project ID:**
Set-up Financial/Supply Chain>Common Definitions>Design Chart fields>Define Values>Chatfield Values>Project EOE_65119 EOE_65819
- Funding Source:**
Commitment Control > Define Control Budgets > Funding Source Prog 06 1,471,753
EOE_651 448,791
EOE_658 1,022,962
- OPI Project Budget Definition:**
Commitment Control>Define Control Budgets>OPI Project Definition 7/1/2018 7/1/2018
12/31/2019 12/31/2019
- Funding Source Allocation (for Federal):**
Commitment Control>Define Control Budgets>Funding Source Allocation 448,791 1,022,962
- Budget Journals**
A. PMRST_EXP (only Federal)
Commitment Control>Budget Journals>Enter Budget Journals J# 3942690
- Budget Journals**
B. PROJ/GRNT
Commitment Control>Budget Journals>Enter Budget Journals J# 3942693
61000 280,245 61000 376,120
62000 169,526 62000 646,842

Example Budget Setup Page in SABHRS

STATE OF MONTANA
SABHRS FS

All Search Advanced Search Last Search Results

Commitment Control Funding Source

Funding Source 1931-1

*Funding Type Federal
*Currency Code USD

Fed Aid USDE Reimbursable Authority

Customer SetID
Customer ID

CFDA Number 84.010 Reimb Agr Num

Letter of Credit ID S010A18002

Description

Amount 44,853,783.00 Applied Amount 44,853,370.00

*Unit Option All Business Units

Funding Source Transaction Logs Personalize Find View All First 1 of 1 Last

Date/Time Added	User ID	Description	Amount
09/07/2018 9:41:44.000000AM	CP8235	TITLE I GRANTS TO LOCAL EDUCATION AGENCIES	44,853,783.00

Save Return to Search Notify Add Update/Display

Funding Source Definition

TITLE I GRANTS TO LOCAL EDUCATION AGENCIES
07/01/18 - 09/30/19
TYDINGS APPLIES
TOTAL GRANT AWARD - \$48,712,445 | less \$444 - now \$48,712,001
TO PROGRAM 06 - \$47,240,692 | now \$46,899,274 = (44,853,783+2,045,904 - 413)
MT31 - \$47,240,692 | now \$46,899,274 (New Day-\$43,372 & Part D-\$472,099)
MT30 - \$?
MT33 - \$?
MT37 - \$?
TO PROGRAM 06 - \$1,471,753 | now \$1,812,727
651 - \$448,791 | same
658 - \$1,022,962 | now \$1,363,936

Return

Note: This is the initial setup of the funding source which is then allocated into the individual programs. This applies the entire grant amount available for allocation.

Example individual program ID setup in SABHRS

STATE OF MONTANA
SABHRS FS

All Search Advanced

Commitment Control Funding Source Allocation

Business Unit 35010 Ledger Group PRMST_EXP ChartField Value EOE_65119

Project Status Open Start Date 07/01/2018 End Date 12/31/2019

Overall Amount 654,794.50 USD Manager 028070 Hunsaker,Deborah

Allocated Amount 654,794.50 USD Funding Source Error

*Allocation Method Priority

Please review your key chartfield setup for revenue types to insure consistency with the allocations below. It is important that the key chartfields are populated below if the budget setup requires them.

Funding Source Allocation Details Personalize Find View All First 1-4 of 4 Last

Priority	Funding Source	*Spend Option	Spending Cap	Available Amt	Revenue %
1	18651C	Budgeted	192,100.50	192,100.50	
2	19651N	Budgeted	2,195.00	2,195.00	
3	19649	Budgeted	11,708.00	11,708.00	
4	19651	Budgeted	448,791.00	448,791.00	

Note: This sets up the available amount for the individual program that is allocated from the overall granted funds above.

Example Budget Detail in SABHRS

STATE OF MONTANA
SABHRS FS

All Search >> Advanced S

Commitment Control Budget Details

Business Unit	Ledger Group	Project	CF Ind	Budget Description
35010	PRMST_EXP	EOE_65119		

Display Chart ⓘ Previous Next Return to Inquiry Criteria

Ledger Amounts

Budget:	654,794.50 USD			Max Rows 100
Expense:	461,534.00 USD			Attributes
Encumbrance:	0.00 USD			Parent / Children
Pre-Encumbrance:	0.00 USD			Associated Budgets

Associate Revenue 0.00 USD

Available Budget

Without Tolerance	193,260.50	USD	Percent (29.51%)
With Tolerance	193,260.50	USD	Percent (29.51%)

Budget Exceptions

Note: This presents the program amount allocated above. This screen presents the “cap” on the funds which as stated can not be exceeded and ensures program funds allocated are not over expended.

Example Project ID’s in SABHRS

Fund	Project	Amount
03002 Public Instruction		1,273,350.40
	EOE_65119 TITLE I ADMINISTRATION	461,534.00
	EOE_65819 TITLE 1 SCHOOL SUPPORT	811,816.40
03170 Grant Clearance Discretionary		31,894,394.00
	19T1A Title IA (31)	31,894,394.00

Note: OPI utilizes various “funds” to account for the different types of funding received. The use of these funds are required and utilized across all state agencies to meet Governmental Accounting standards. Fund 03002 is used by OPI to account for federal state level administrative activity and fund 03170 is used to account for sub-granted federal funds.

EOE_651xx – These are funds used for administering the program which includes personal services and operational expenses. First three numbers represent the “ID” assigned for those programs funds and last two numbers of the project ID designate the program year funding. This program year designator ensures OPI can track program expenses over several state fiscal years as one federal year crosses two state fiscal years.

xxTIA – These are funds sub-granted to LEA’s within the state. The first two numbers of the project ID designate the program year of funding.

In addition to the use of SABHRS for the tracking of program expenses at the state level, OPI has a Grants Management System (E-grants) which is used in the sub-granting process (Flow through). E-Grants serves as a centralized system which tracks the sub-granting of funds from initial application, monthly grantee cash requests, and final expenditure reports.

The following screen shot is from E-grants which shows several funding sources for a grantee. As presented, the E-grants system allows OPI and the grantee to track the allocated/awarded amount and total expended, including carryover as applicable.

	TitleIA	Schoolwide	TitleIIA	TitleIII	TitleVB
Current Year Funds					
Allocation	\$443,514	\$0	\$95,321	\$0	\$33,732
ReAllocated (+)	\$0	\$0	\$0	\$0	\$0
Released (-)	\$0	\$0	\$0	\$0	\$0
Total Current Year Funds	\$443,514	\$0	\$95,321	\$0	\$33,732
Prior Year(s) Funds					
Carryover (+)	\$44,094	\$0	\$0	\$0	\$6,419
ReAllocated (+)	\$0	\$0	\$0	\$0	\$0
Total Prior Year(s) Funds	\$44,094	\$0	\$0	\$0	\$6,419
Sub Total	\$487,608	\$0	\$95,321	\$0	\$40,151
Multi-District					
Transfer In (+)	\$0	\$0	\$0	\$0	\$0
Transfer Out (-)	\$0	\$0	\$0	\$0	\$0
Administrative Agent					
Adjusted Sub Total	\$487,608	\$0	\$95,321	\$0	\$40,151

State level administration of sub-granted funds in relation to cash management and allowability is also completed through E-grants. Each grantee is required to submit a budget which breaks out use of granted funds by specified categories (personal services, operational, equip, etc). These categories are utilized across all grant programs and are the basis for local level reporting. Incurred expenses by the grantee are presented in “cash requests” which are reviewed and approved by OPI Grant Accountants. Accountants review the cash requests and compare the activity to the approved budget. Accountants also consider general allowability regulations as defined in 34 CFR Part 200 and program specific regulations provided by the applicable federal cognizant agency.

The following screen shot from E-grants presents an example of the category specific expenses grantees utilize in expending program funds.

Topic 1: Improving Academic Achievement										
Purpose Category	100 Personal Service-Salaries	200 Employee Benefits	300 Purchased Professional and Technical	400 Purchased Property Services	500 Other Purchased Services	600 Supplies	700 Property & Equipment	800 Other Objects	Total TitleVB Funds	Delete Row
10-Instruction	\$0	\$0	\$0	\$0	\$0	\$33,732	\$0	\$0	\$33,732	<input type="checkbox"/>
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	<input type="checkbox"/>
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	<input type="checkbox"/>
Sub Total	\$0	\$0	\$0	\$0	\$0	\$33,732	\$0	\$0	\$33,732	<input type="checkbox"/>
Create Additional Entries										
TOTALS	\$0	\$0	\$0	\$0	\$0	\$33,732	\$0	\$0	\$33,732	
Note: This Budget Summary displays to aid in creating and editing the Request and will not display once the Request is submitted to the SEA.										
Paid to Date Amounts	100	200	300	400	500	600	700	800	Indirect Cost	
	\$0	\$0	\$0	\$0	\$0	\$33,732	\$0	\$0	\$0	
Current Budgeted Amounts by Object Code	\$0	\$0	\$0	\$0	\$0	\$33,732	\$0	\$0	\$0	
Determining Maximum Indirect Cost allowed										
(A) Total Allocation Available for Budgeting			\$33,732						(F) Total budgeted above	\$33,732
(B) Budgeted Property and Equipment Cost (Object 700)			\$0						(G) Budgeted Indirect Cost	\$0
(C) Allowable Direct Costs (A-B)			\$33,732						(H) Total Budget (F+G)	\$33,732
(D) Indirect Cost Rate %			0.0000							
(E) Maximum Indirect Cost (C*(D)/(1+D))			\$0						Allocation Remaining (A-H)	\$0

E-grants produces various reports which are utilized at the state level to ensure funds are expended in the applicable program year. The following report reflects grantee level appropriations in comparison to current year expenditures. The lower portion of the report reflects each program years funding and balances. Previous and current year balances are closely monitored to ensure funds are expended with the program period which ensures period of availability provisions are met.

Payment Funding Stream Summary								Run Date: 9/2/2019 10:45:41AM
Program: Title I A - Basic				Year: 2019				
<u>LE Number</u>	<u>LE Name</u>	<u>Reporting Category</u> <u>Year</u>	<u>LE Amount</u>	<u>LE Transfers</u>	<u>Total</u>	<u>Payment</u>	<u>Paid Under Other Program</u> <u>Balance</u>	
0000000	OPI - Office of Public Instruction - 00	2017	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
		2018	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
		2019	\$134,651.00	\$0.00	\$134,651.00	\$0.00	\$134,651.00	
		District Total	\$134,651.00	\$0.00	\$134,651.00	\$0.00	\$134,651.00	
0010003	Grant Elem - 00	2019	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
		District Total	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
0010005	Dillon Elem - 00	2018	\$3,707.00	\$0.00	\$3,707.00	\$3,707.00	\$0.00	
		2019	\$194,368.00	\$0.00	\$194,368.00	\$165,688.00	\$28,680.00	
		District Total	\$198,075.00	\$0.00	\$198,075.00	\$169,395.00	\$28,680.00	
0010006	Beaverhead County H S - 00	2018	\$3,698.00	\$0.00	\$3,698.00	\$3,698.00	\$0.00	
		2019	\$45,336.00	\$0.00	\$45,336.00	\$45,334.00	\$2.00	
		District Total	\$49,034.00	\$0.00	\$49,034.00	\$49,032.00	\$2.00	