



November 21, 2018

() **Action Required**
(X) **Informational**

BULLETIN NO. 105-18 SCHOOL APPORTIONMENT AND FINANCIAL SERVICES

TO: Educational Service District Superintendents
School District Superintendents
School District Business Managers

FROM: Chris Reykdal, Superintendent of Public Instruction

RE: Addendums to the School District Accounting Manual for the 2018–19 School Year

CONTACT: Paul Stone, Supervisor, School District and ESD Accounting
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PURPOSE/BACKGROUND

Since its publication in July 2018, changes have become necessary to the *Accounting Manual for Public School Districts in the State of Washington (Accounting Manual)* for the 2018–19 school year.

Attached to this Bulletin are details for three topics:

1. New Guidance on Federal Transferability
2. Modified Guidance on Federal Procurement Thresholds
3. Modified Guidance on Activity 34 Professional Development–State

INFORMATION AND ASSISTANCE

For questions regarding this bulletin, please contact Paul Stone, Supervisor of School District and ESD Accounting at 360-725-6303 or by email at paul.stone@k12.wa.us. The OSPI TTY number is 360-664-3631.

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<http://www.k12.wa.us/BulletinsMemos/bulletins2018.aspx>.

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1. New Guidance on Federal Transferability

In Chapter 10 – Federal Grants Management, a new section is added near page 10-11 to describe Transferability rules. The chapter section heading is modified accordingly.

Matching, Level of Effort, Earmarking, and Transferability

Transferability

Transferability is a flexibility authority under the Every Student Succeeds Act (ESSA) which allows Local Educational Agencies (LEAs) to transfer up to 100 percent of the funds they receive under Title II, Part A and Title IV, Part A to other programs to better address the needs of their unique student populations and to ensure the capacity of delivering a meaningful program.

Transferred funds become funds of, and are subject to, all the rules and requirements of the programs the funds are transferred into. Therefore, the transferred funds should be treated as if they were included in the initial allocations of the Title program into which the funds were transferred. Spend transferred funds in accordance with requirements of the receiving program, including statutory set-asides and carryover limitations.

The LEA has discretion in using a method most suitable to their needs. When transferring funds, an LEA may:

- (1) Move funds from the account(s) of the program(s) from which the funds are being transferred into the account(s) of the program(s) to which the funds are being transferred.
- (2) Establish a new, separate account(s) (sub-code) for transferred funds.
- (3) Retain the transferred funds in their original account(s), but maintain documentation that shows how transferred funds in the original account(s) have been reclassified. In other words, in transferring funds, an LEA does not actually have to move funds from one account to another so long as it maintains adequate documentation to account for the transfer.

Regardless of the method selected above, the LEA must submit claims for reimbursement under the original award and maintain documentation to support expenditures allowable under the program.

The [ABFR Chapter XI Schedule of Expenditures of Federal Awards \(SEFA\) Contents](#) illustrates a SEFA reporting example using option (3) above.

2. Modified Guidance on Federal Procurement Thresholds

In Chapter 10 – Federal Grants Management, the federal micro-purchase procurement threshold increased from \$3,500 to \$10,000. The simplified acquisition threshold increased from \$150,000 to \$250,000.

Procurement

Procurement transactions must be conducted in a manner providing full and open competition to avoid real or perceived unfair advantages. Districts must comply with the more restrictive of federal (2 CFR §200.317–.326) or state (RCW 28A.335.190) requirements; or district policy.

When federal funds are used to purchase goods (furniture, supplies, equipment, and textbooks):

- Purchases of \$10,000 or less do not require quotes. However, districts must consider price to be reasonable, and, to the extent practical, distribute equitably among suppliers.
- Purchases between \$10,000 and \$75,000 must be procured using price or rate quotations from an adequate number of qualified sources (state law requires three sources).
- Purchases of \$75,000 or more must be publicly solicited using sealed bids.

When federal funds are used to purchase services:

- Purchases of \$10,000 or less do not require quotes. However, districts must consider price to be reasonable, and, to the extent practical, distribute equitably among suppliers.
- Purchases between \$10,000 and \$250,000 must be procured using price or rate quotations from an adequate number of qualified sources.
- Purchases of \$250,000 or more must be publicly solicited using sealed bids.

3. Modified Guidance on Activity 34 Professional Development–State

In Chapter 6 – Expenditures, the narrative describing the activity is modified to more accurately align to statute. The guidance now reads:

34 Professional Learning–State

This activity is used to record expenditures for state-funded professional learning for certificated instructional staff. Per RCW 28A.150.415, the funding provided under this section must be audited as part of the regular financial audits of school districts by the state auditor's office to ensure compliance with the limitations and conditions of this section. Expenditures related to the allocation must meet the definitions and standards provided in RCW 28A.415.430, 28A.415.432 and 28A.415.434.

The cost of state-funded professional learning support and activities may include, but is not limited to, courses, workshops, institutes, networks, studio residencies, virtual learning modules, and conferences provided by for-profit and nonprofit entities outside the school such as universities, educational service districts, technical assistance providers, networks of content specialists, and other education organizations and associations. Assigned certificated professionals providing support and activities can have their regular salaries charged to this activity.

Activity 34, Professional Learning–State, is similar to Activity 31, Instructional Professional Development, with the following exceptions. Activity 34 is only open in state-funded programs. Activity 34 is closed to all programs that do not generate a funding allocation for this purpose. Classified staff salaries are closed in Activity 34. All classified staff costs associated with professional development should be coded to Activity 31.