



# North Carolina Community College System

## “Workshop on Perkins V/EDGAR”

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# Agenda

1. Legal Authorities Governing Perkins
2. Pass-Through Responsibilities
3. The CLNA- Informing Budget Decisions
4. Common Perkins Violations
5. Allowable Costs
6. Local Uses of Funds
7. Financial Management
8. Inventory Management
9. Documentation
10. Written Procedures
11. Personnel Expenses
12. Questions

## What Legal Authorities Govern Perkins V?

- Perkins statute
- General Education Provisions Act
- Education Department General Administrative Regulations (EDGAR)/ UGG



Does not include OCTAE Q+A, Dear  
Colleague Letters, Emails, Non-Regulatory  
issuances



Have the North Carolina Community Colleges grasped the changes to Perkins V or is it business as usual?

## Major Shifts in Perkins V

- Policies and Procedures are the Responsibility of the Pass-Through (P/T)
- Perkins V is a special pops statute (Nine Special Populations)
- CLNA demands local budget shifts (Understanding Section 134)

## Perkins Pass-Through Responsibilities under 2 CFR 200.332:

- 1) Providing Pertinent Information in the GAN Including Indirect Cost Rate
- 2) Evaluate Risk of Each College
- 3) Consider Imposing Special Conditions
- 4) Monitoring
- 5) Verify Single Audit



# Perkins Violations



## The Ten Most Frequently Cited Perkins Violations

1. Supplanting
2. Noncompliant Time and Effort Certifications (Paying Employees on Budget, not Effort)
3. Untimely Obligations/Linkage
4. Missing Documentation/Records
5. Serving Ineligible Participants
6. Unallowable Costs
7. Substandard P/T Monitoring
8. Supporting Remedial Programs
9. Circumventing Procurement Competition Rules
10. Lack of Written Policies/Procedures

# Supplanting

- Sec. 211 of Perkins
- Perkins funds must supplement non-federal funds
- Is there a law/policy requiring non-federal funds?
- Were non-federal funds used for that cost in the prior year?

## To rebut unlawful supplanting:

1. Was there a reduction in non-federal support?
2. In the absence of the Perkins funds, would the activity/cost still be supported? (more difficult test)



## Time and Effort

- Reliance on budgeted amounts to pay Perkins salaries
- Failure to have after the fact certifications
- Failure to include substitutes, part-time or stipends

# Untimely Obligation

Definition of “obligate”...34 CFR 76.707

<b>Type of Obligation</b>	<b>When Obligation Occurs</b>
Acquisition of Property	Date of binding written commitment
Personal Services by Employee	When services are performed
Personal Services by Contractor	Date of binding written commitment
Travel	When travel is taken
Approved Pre-Agreement Cost	On the first day of the grant or subgrant performance period.



# Tydings Amendment (Carryover)

GEPA 421 (b)



## The General Rule, GEPA 421 (b)

Notwithstanding any other provision of law, unless enacted in specific limitation of the provisions of this subsection, **any funds** from appropriations to carry out any programs to which this chapter is applicable during any fiscal year, **which are not obligated and expended by educational agencies** or institutions prior to the beginning of the fiscal year succeeding the fiscal year for which such funds were appropriated **shall remain available for obligation and expenditure** by such agencies and institutions **during such succeeding fiscal year.**



## Section 133(b)(1) of Perkins:

- Limits eligible recipients to one academic year (e.g., July 1 to June 30)



# Liquidation



## The General Rule, 2 CFR 200.344(b)

Unless the Federal awarding agency or pass-through entity authorizes an extension, a non-Federal entity must liquidate all financial obligations incurred under the Federal award no later than **120 calendar days** after the end date of the period of performance specified in the terms and conditions of the Federal award.

## Exceptions to the General Rule

- Subrecipients must provide the pass-through with closeout report and final accounting within 90 days; effectively shortens the liquidation period?
  - 200.344(a)
- Federal awarding agency or pass-through entity may authorize an extension of the liquidation period



# Allowable Costs Under Perkins V

## Selected Items of Cost

### 56 Selected Items of Cost

- Allowable
  - E.g., collection of improper payments (200.428); training and education costs (200.473)
- Allowable with special conditions
  - E.g., only as an indirect charge (leave payout, 200.431; advisory councils, 200.422); only with necessary documentation (compensation – personal services, 200.430)
- Allowable with prior approval
  - E.g., equipment and capital expenditures (200.438); entertainment (200.439); participant support costs (200.456)
- Unallowable
  - E.g., alcohol (200.423); bad debts (200.426)

## Factors Affecting Allowability

2 CFR 200.403

- ✓ **Necessary** and **reasonable** for the performance of the federal award
- ✓ **Allocable** to the federal award
- ✓ **Consistent with policies and procedures** that apply uniformly to both federally-financed and other activities of the District
- ✓ Conforms to any limitations or exclusions set forth as cost principles in Part 200 or in the terms and conditions of the federal award
- ✓ Accorded consistent treatment as either a direct or indirect cost
- ✓ Adequately **documented**
- ✓ Determined in accordance with GAAP
- ✓ Not included as a match or cost-share, unless authorized by the federal program
- ✓ Net of applicable credits
- ✓ **Incurred during the approved budget period**



# Sec. 135 – Local Uses of Funds



**(a) GENERAL AUTHORITY.**—Each eligible recipient that receives funds under this part shall use such funds to develop, coordinate, implement, or improve career and technical education programs to meet the needs identified in the comprehensive needs assessment described in section 134(c).

**(b) REQUIREMENTS FOR USES OF FUNDS.**—Funds made available to eligible recipients under this part shall be used to support career and technical education programs that are of sufficient size, scope, and quality to be effective, that –

**(1)** provide career exploration and career development activities through an organized, systematic framework designed to aid students, including in the middle grades, before enrolling and while participating in a career and technical education program, in making informed plans and decisions about future education and career opportunities and programs of study, which may include—

**(A)** introductory courses or activities focused on career exploration and career awareness, including non-traditional fields;



**(b) REQUIREMENTS FOR USES OF FUNDS (cont.)**

**(B)** readily available career and labor market information, including information on—

**(i)** occupational supply and demand;

**(ii)** educational requirements;

**(iii)** other information on careers aligned to State, local, or Tribal (as applicable) economic priorities; and

**(iv)** employment sectors;

**(C)** programs and activities related to the development of student graduation and career plans;

**(D)** career guidance and academic counselors that provide information on postsecondary education and career options; or

**(E)** any other activity that advances knowledge of career opportunities and assists students in making informed decisions about future education and employment goals, including **non-traditional fields**; or

**(F)** provide students with strong experience in, and comprehensive understanding of, all aspects of an industry;



**(b) REQUIREMENTS FOR USES OF FUNDS (cont.)**

**(2)** provide professional development for teachers, faculty, school leaders, administrators, specialized instructional support personnel, career guidance and academic counselors, or paraprofessionals, which may include—

**(A)** professional development on supporting individualized academic and career and technical education instructional approaches, including the integration of academic and career and technical education standards and curricula;

**(B)** professional development on ensuring labor market information is used to inform the programs, guidance, and advisement offered to students, including information provided under section 15(e)(2)(C) of the Wagner-Peyser Act (29 U.S.C. 491–2(e)(2)(C));

**(C)** providing teachers, faculty, school leaders, administrators, specialized instructional support personnel, career guidance and academic counselors, or paraprofessionals, as appropriate, with opportunities to advance knowledge, skills, and understanding of all aspects of an industry, including the latest workplace equipment, technologies, standards, and credentials;



**(b) REQUIREMENTS FOR USES OF FUNDS (cont.)**

**(D)** supporting school leaders and administrators in managing career and technical education programs in the schools, institutions, or local educational agencies of such school leaders or administrators;

**(E)** supporting the implementation of strategies to improve student achievement and close gaps in student participation and performance in career and technical education programs;

**(F)** providing teachers, faculty, specialized instructional support personnel, career guidance and academic counselors, principals, school leaders, or paraprofessionals, as appropriate, with opportunities to advance knowledge, skills, and understanding in pedagogical practices, including, to the extent the eligible recipient determines that such evidence is reasonably available, evidence-based pedagogical practices;

**(G)** training teachers, faculty, school leaders, administrators, specialized instructional support personnel, career guidance and academic counselors, or paraprofessionals, as appropriate, to provide appropriate accommodations for individuals with disabilities, and students with disabilities who are provided accommodations under the Rehabilitation Act of 1973 (29 U.S.C. 701 et seq.) or the Individuals with Disabilities Education Act;



**(b) REQUIREMENTS FOR USES OF FUNDS (cont.)**

**(H)** training teachers, faculty, specialized instructional support personnel, career guidance and academic counselors, and paraprofessionals in frameworks to effectively teach students, including a particular focus on students with disabilities and English learners, which may include universal design for learning, multi-tier systems of supports, and positive behavioral interventions and support; or

**(I)** training for the effective use of community spaces that provide access to tools, technology, and knowledge for learners and entrepreneurs, such as makerspaces or libraries;

**(3)** provide within career and technical education the skills necessary to pursue careers in high-skill, high-wage, or in-demand industry sectors or occupations;

**(4)** support integration of academic skills into career and technical education programs and programs of study to support—

**(A)** CTE participants at the secondary school level in meeting the challenging State academic standards adopted under section 1111(b)(1) of the Elementary and Secondary Education Act of 1965 by the State in which the eligible recipient is located; and

**(B)** CTE participants at the postsecondary level in achieving academic skills;



**(b) REQUIREMENTS FOR USES OF FUNDS (cont.)**

**(5)** plan and carry out elements that support the implementation of career and technical education programs and programs of study and that result in increasing student achievement of the local levels of performance established under section 113, which may include—

**(A)** a curriculum aligned with the requirements for a program of study;

**(B)** sustainable relationships among education, business and industry, and other community stakeholders, including industry or sector partnerships in the local area, where applicable, that are designed to facilitate the process of continuously updating and aligning programs of study with skills that are in demand in the State, regional, or local economy, and in collaboration with business outreach staff in one-stop centers, as defined in section 3 of the Workforce Innovation and Opportunity Act (29 U.S.C. 3102), and other appropriate organizations, including community-based and youth-serving organizations;

**(C)** where appropriate, expanding opportunities for CTE concentrators to participate in accelerated learning programs (as described in section 4104(b)(3)(A)(i)(IV) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7114(b)(3)(A)(i)(IV)), including dual or concurrent enrollment programs, early college high schools, and the development or implementation of articulation agreements as part of a career and technical education program of study;



**(b) REQUIREMENTS FOR USES OF FUNDS (cont.)**

**(D)** appropriate equipment, technology, and instructional materials (including support for library resources) aligned with business and industry needs, including machinery, testing equipment, tools, implements, hardware and software, and other new and emerging instructional materials;

**(E)** a continuum of work-based learning opportunities, including simulated work environments;

**(F)** industry-recognized certification examinations or other assessments leading toward a recognized postsecondary credential;

**(G)** efforts to recruit and retain career and technical education program teachers, faculty, school leaders, administrators, specialized instructional support personnel, career guidance and academic counselors, and paraprofessionals;

**(H)** where applicable, coordination with other education and workforce development programs and initiatives, including career pathways and sector partnerships developed under the Workforce Innovation and Opportunity Act (29 U.S.C. 3101 et seq.) and other Federal laws and initiatives that provide students with transition-related services, including the Individuals with Disabilities Education Act;



**(b) REQUIREMENTS FOR USES OF FUNDS (cont.)**

**(I)** expanding opportunities for students to participate in distance career and technical education and blended-learning programs;

**(J)** expanding opportunities for students to participate in competency-based education programs;

**(K)** improving career guidance and academic counseling programs that assist students in making informed academic and career and technical education decisions, including academic and financial aid counseling;

**(L)** supporting the integration of employability skills into career and technical education programs and programs of study, including through family and consumer science programs;

**(M)** supporting programs and activities that increase access, student engagement, and success in science, technology, engineering, and mathematics fields (including computer science and architecture) for students who are members of groups underrepresented in such subject fields;



**(b) REQUIREMENTS FOR USES OF FUNDS (cont.)**

**(N)** providing career and technical education, in a school or other educational setting, for adults or out-of-school youth to complete secondary school education or upgrade technical skills;

**(O)** supporting career and technical student organizations, including student preparation for and participation in technical skills competitions aligned with career and technical education program standards and curricula;

**(P)** making all forms of instructional content widely available, which may include use of open educational resources;

**(Q)** supporting the integration of arts and design skills, when appropriate, into career and technical education programs and programs of study;

**(R)** partnering with a qualified intermediary to improve training, the development of public-private partnerships, systems development, capacity-building, and scalability of the delivery of high-quality career and technical education;



**(b) REQUIREMENTS FOR USES OF FUNDS (cont.)**

**(S)** support to reduce or eliminate out-of-pocket expenses for **special populations** participating in career and technical education, including those participating in dual or concurrent enrollment programs or early college high school programs, and supporting the costs associated with fees, transportation, childcare, or mobility challenges for those **special populations**; or

**(T)** other activities to improve career and technical education programs; and

**(6)** develop and implement evaluations of the activities carried out with funds under this part, including evaluations necessary to complete the comprehensive needs assessment required under section 134(c) and the local report required under section 113(b)(4)(B).

**(c) POOLING FUNDS.**—An eligible recipient may pool a portion of funds received under this Act with a portion of funds received under this Act available to one or more eligible recipients to support implementation of programs of study through the activities described in subsection (b)(2).

**(d) ADMINISTRATIVE COSTS.**—Each eligible recipient receiving funds under this part shall not use more than 5 percent of such funds for costs associated with the administration of activities under this section.

## CTSO Expenditures

- Colleges May Use Perkins Funds to Reimburse Participant and Supervisor Travel Costs (Transportation, Hotels, Meals)
- Colleges May Not Use Perkins Funds for Social Activities, Awards, Jackets

## Memberships

- Colleges May Use Perkins Funds for Organizational Membership Costs and Subscriptions/ Not Individual Membership Costs

## Advertising/Recruitment

- Colleges May Use Funds to Promote the Features of the CTE Program, Including Advertising (Radio/TV/Newspapers)
- Colleges May Use Funds to Recruit Staff, Personnel and Student for the CTE Program.
- Colleges May Not Use Perkins Funds to Promote the Institution

## Assistive Technology for CTE Students

- Colleges May Use Perkins Funds to Purchase Assistive Technology for CTE Students

# Financial and Program Management

2 CFR 200.302(b)



# Financial Management 200.302(b)

Identification of awards

Financial reporting

Accounting records

Internal controls

Budget control

Written procedures for cash management

Written procedures for determining allowability



# Procurement



## Conflict of Interest 200.112 Mandatory Disclosures 200.113

- All non-federal entities must establish conflict of interest policies and disclose in writing any potential conflict to federal awarding agency in accordance with applicable Federal awarding agency policy.
- Must disclose to federal or pass-through agency “all violation of federal criminal law involving fraud, bribery or gratuity violations potentially affecting the federal award.”

## Competition 200.319

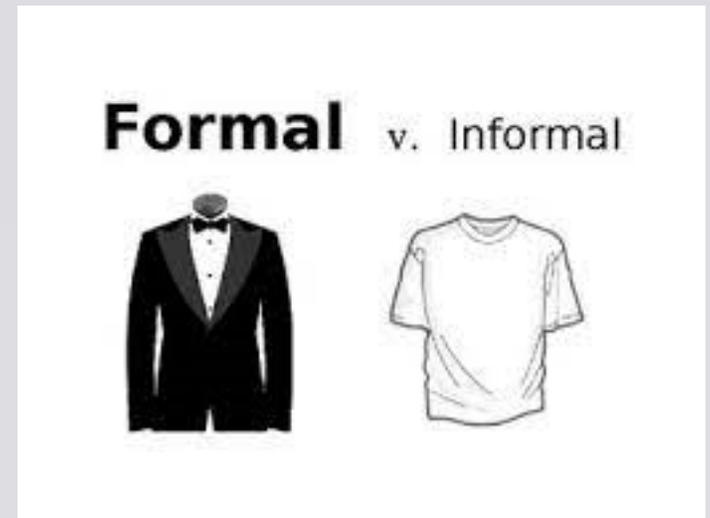
(a) All procurement transactions **for the acquisition of property or services required under a Federal award** must be conducted in a manner providing full and open competition consistent with the standards of this section and §200.320.

...

**(f) Noncompetitive procurement can only be awarded in accordance with 200.320(c).**

# Methods of Procurement 200.320

- Grantee **must have and use documented procurement procedures** for the following methods:
  - (a) **Informal procurement methods**
    - Micro-purchase
    - Small purchase procedures
  - (b) **Formal procurement methods**
    - Competitive sealed bids
    - Competitive proposals
  - (c) Noncompetitive proposals



# Noncompetitive Proposals 200.320(c)

Appropriate only when:

- **Micro-purchases**
- The item is only available from a single source;
- There is a public emergency for the requirement that will not permit delay resulting from **publicizing** a competitive solicitation;
- The Federal awarding agency or pass-through expressly authorizes noncompetitive procurement in response to a written request from non-Federal entity; or
- After soliciting a number of sources, competition is determined inadequate.



## Domestic Preferences for Procurements 200.322

- “To the greatest extent practicable” must provide a preference for the purchase of goods and materials produced in the U.S.
- Must include this section in all subawards, contracts and purchase orders

## Suspension and Debarment 2 CFR 180.300

For contracts over \$25,000 (“covered transaction” 3485.220) you must verify that the person with whom you intend to do business is not excluded or disqualified.

- This MUST be done by either:
  - a. Checking SAM; or
  - b. Collecting a certification from that person; or
  - c. Adding a clause or condition to the covered transaction with that person.

## Prohibition on certain telecommunications and video surveillance services or equipment 200.216

- Effective as of **November 12, 2020**
  - Prohibits grantees from entering into contracts with certain covered entities
- **200.471**: Telecommunication and video surveillance services or equipment are allowable, *except*:
  - “Covered” telecommunications and surveillance under 200.216
  - Applies to new contracts, services, equipment, and any renewals or extensions

## Prohibition on certain telecommunications and video surveillance services or equipment 200.216 (cont.)

- OMB FAQ 47: How do you know if an entity has been added to the list of covered entities?
  - Entities added to this list will be incorporated into the excluded parties list in the SAM ([www.sam.gov](http://www.sam.gov)). When a user conducts a search of the excluded parties list, a record will appear describing the nature of the exclusion for any entity identified as covered by this prohibition.
- Recommendation: Check SAM.gov for applicable contracts!

## Companies Covered

- Huawei Technologies Company
- ZTE Corporation
- Hytera Communications Corporation
- Hangzhou Hikvision Digital Technology Company
- Dahua Technology Company
- Any subsidiary or affiliate of such entities

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# Inventory Management

2 CFR 200.313



## Inventory Procedures – 200.313(d)

- Property records
  - Description, serial number or other ID, source of funding, title, acquisition date and cost, percent of federal participation, location, use and condition, and ultimate disposition date including sale price
- Physical inventory at least every two years
- Control system to prevent loss, damage, theft
  - All incidents must be investigated
- Adequate maintenance procedures
- If authorized or required to sell property, proper sales procedures to ensure highest possible return.

## Use of Equipment – 200.313(c)

- Equipment must be used by the Non-Federal entity in the program or project for which it was acquired if needed, whether or not the project or program continues to be supported by the Federal award.
- When used it must be shared, provided such use will not interfere with work on the original projects/programs, and it follows this order of priority:
  - First by other programs from same agency
  - Then open to other federal programs
  - Non-federal programs



## Replacement Equipment 200.313(c)(4)

May use sale price of old equipment towards purchase price of replacement equipment

- Calculate new federal share!

## Disposition – 200.313(c)(1) & (e)

- When no longer needed, may be used in other activities with the following priority:
  - Projects supported by Federal awarding agency
  - Project funded by other Federal agencies
- When property is no longer needed in any current or previously Federally-funded supported activity, must follow disposition rules:
  - Request disposition instructions from federal awarding agency
  - Fair market value > \$5,000 = pay federal share back to awarding agency
  - Fair market value of \$5,000 = no money owed back to feds
- Supplies (200.314): Depends on value of residual inventory of unused supplies

# Documentation



## Allowability Documentation

- ❖ Retention Requirements For Records – **2 CFR 200.334** (new citation!)
  - Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a **period of three years** from the date of submission of the final expenditure report.
  - Watch Statute of Limitations! (Example, USDE = 5 years under the General Education Provisions Act)

## Written Procedures: Must or Should?

- Cash Management Procedures - 200.302(b)(6) & 200.305
- **Allowability Procedures - 200.302(b)(7)**
- Managing Equipment – 200.313(d)
- Conflicts of Interest Policy - 200.318(c)
- **Procurement Procedures - 200.320**
  - Method for Conducting Tech Evals of Proposals
  - Establishment of thresholds
- Travel Policy - 200.475(b) (new citation)
- Time and Effort Procedures - “essential” ED, Cost Allocation Guide (agency specific)
- Subrecipient Monitoring Procedures – required by Compliance Supplement
- Grant Application Procedures
- Record Retention Procedures
- Audit Resolution Procedures
- Program-specific Procedures

## How to Maintain Documentation?

- ❖ When original records are electronic and cannot be altered, there is no need to create and retain paper copies. (UGG Section **200.336** (new citation))
  
- ❖ When original records are paper, electronic versions may be substituted through the use of duplication or other forms of electronic media provided they:
  - Are subject to periodic quality control reviews;
  - Provide reasonable safeguards against alteration; and
  - Remain readable.



# Personnel Expenses

## Who? 200.430(i)(1) & (4)

- Time and effort must be collected for all employees (not contractors) whose salaries are:
  - Paid in whole or in part with federal funds ;  
and
  - Used to meet a match/cost share requirement.
- Includes:
  - Full time and part time employees;
  - Federal stipends that are considered salary expenses;



# Does “X” Employee have to keep time and effort records?

<b>Is she/he an employee?</b>		
<b>Yes</b>	<b>No</b>	<b>I don't know</b>
<b>Is she/he paid with federal funds?</b>		
		<b>No T&amp;E Required</b>
		<b>Ask HR</b>
<b>Yes</b>	<b>No</b>	
<b>T&amp;E Required</b>	<b>Salary used for match?</b>	
	<b>No</b>	<b>Yes</b>
	<b>No T&amp;E Required</b>	<b>T&amp;E Required</b>

## Why? 200.403(a); 200.430(i)

- Any employee funded by federal grants must maintain documentation showing that their time is allocable to a federal program.
- That documentation must be based on records that **accurately reflect the work performed.**
  - Everything else feeds back into this standard

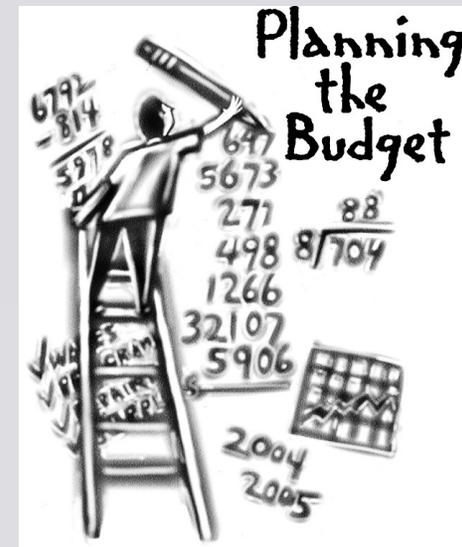
# Standards for Documentation of Personnel Expenses 200.430(i)(1)

Time and effort records MUST:

1. Be supported by a system of internal controls which provides reasonable assurance charges are accurate, allowable and allocable;
2. Be incorporated into official records;
3. Reasonably reflect total activity for which employee is compensated;
4. Encompass all activities (federal and non-federal);
5. Comply with established accounting polices and practices; and
6. Support distribution among specific activities or cost objectives.

## Budget Estimates 200.430(i)(1)(viii)

- Budget estimates alone do not qualify as support for charges to Federal awards but may be used for interim accounting purposes if:
  - Produces reasonable approximations
  - Significant changes to the corresponding work activity are identified in a timely manner
  - Internal controls in place to review after-the-fact interim charges based on budget estimates



## Reconciliation 200.430(i)(1)(viii)(C)

- All necessary adjustments must be made such that the final amount charged to the Federal award is accurate, allowable, and properly allocated.
- Cannot overcharge the federal program!



# Questions



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