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# 2026 SD DOE IPA CONFERENCE UPDATES



**south dakota**  
DEPARTMENT OF EDUCATION  
Learning. Leadership. Service.

# AGENDA

- ✦ **Major Federal Programs in South Dakota LEAs**
- ✦ **New Federal Funding Fiscal Dashboard**
- ✦ **Uniform Grant Guidance Updates**
- ✦ **Grants Management Fiscal Review Process**
- ✦ **Common Issues Found During Grants Management Reviews**
- ✦ **Federal Updates**

# MAJOR FEDERAL PROGRAMS IN SOUTH DAKOTA

## \* **ESSA: Every Student Succeeds Act**

- \* Title I, Part A: Improving Basic Programs
- \* Title I, Part C: Education of Migratory Children
- \* Title I, Part D: Neglected, Delinquent, or At-Risk
- \* Title II: Preparing, Training, and Recruiting High-Quality Teachers
- \* Title III: English Learners and Immigrant Students
- \* Title IV, Part B: 21<sup>st</sup> Century Community Learning Centers
- \* Title IX, Part A: Homeless Children and Youths

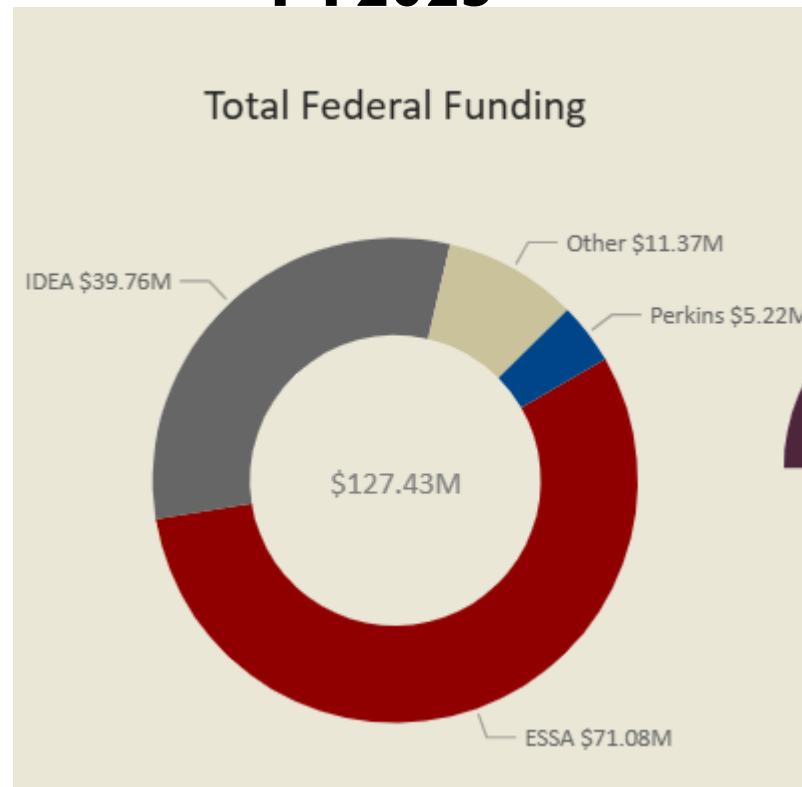
## \* **IDEA: Individuals with Disabilities Education Act**

- \* Part B, Section 611 (IDEA 611): Children ages three through 21
- \* Part B, Section 619 (IDEA 619): Children ages three through five

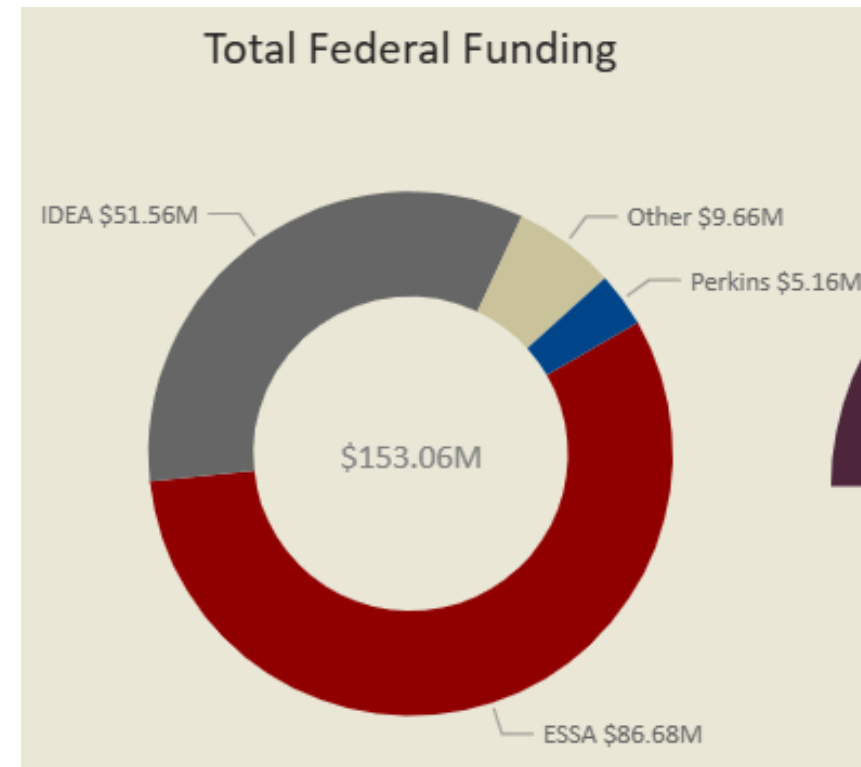
## \* **Carl D. Perkins Career and Technical Education Act (Perkins)**

# HOW MUCH DOES SOUTH DAKOTA RECEIVE IN FEDERAL FUNDING?

**FY2025**



**FY2026**



\*Increase in funding includes carryover funds from previous year

\*Other= 21<sup>st</sup> Century, Homeless, I003 School Improvement, Title IC Migrant, Title III (ESSA programs)

**[Visit our new Federal Funds Fiscal Dashboard](#)**

# UNIFORM GRANT GUIDANCE UPDATES

- ✦ As of October 2024 (or July 1, 2025, to align with South Dakota's fiscal year), the following updates have been implemented in the Uniform Grant Guidance:
  - ✦ 2 CFR 200.201- Equipment
  - ✦ 2 CFR 200.320- Procurement Methods
  - ✦ 2 CFR 200.501- Audit Thresholds

## 2 CFR 200.201- EQUIPMENT AND OTHER CAPITAL EXPENDITURES

- \* Federal equipment threshold increased from **\$5,000** to **\$10,000**
- \* What qualifies as equipment? Tangible personal property with:
  - \* Useful life greater than one year
  - \* Per-unit cost of \$10,000 or more
  - \* Items below \$10,000 are now categorized as supplies, not equipment
- \* Why this matters:
  - \* Prior approval of equipment from pass through entity
  - \* Federal disposition procedures
- \* What should entities do?
  - \* Update internal procurement and inventory management procedures
    - \* If the subrecipient has established a lower capitalization threshold policy, they must still follow the most restrictive threshold.

## 2 CFR 200.320- FEDERAL PROCUREMENT METHODS

- \* OMB increased several procurement thresholds, most notable:
  - \* Micro-purchase threshold: **\$10,000** to **\$15,000**
  - \* Simplified Acquisition Threshold: **\$250,000** to **\$350,000**
- \* LEAs still must follow the most restrictive procurement thresholds(State thresholds).

## 2 CFR 200.501 - AUDIT THRESHOLD

- Audit threshold for a single audit increased from **\$750,000** to **\$1,000,000**.
- The increase in the Single Audit threshold and Type A program threshold is anticipated to reduce the audit burden on smaller entities and the auditors.

# GRANTS MANAGEMENT FISCAL REVIEW PROCESS

- \* SD DOE conducts a risk-based monitoring system
- \* Each fiscal year, a risk assessment is done on all subrecipients that receive federal grants through Grants Management. SD DOE considers a variety of factors, including but not limited to:
  - \* Size of subrecipients federal grant awards (larger awards may present greater fiscal risk)
  - \* Length of time since the last monitoring review
  - \* Recent turnover (within the last two years) of administrative personnel, including superintendents and business managers
  - \* Major audit findings and past monitoring findings
  - \* Responsibility of providing equitable services to private schools
  - \* High average federal funding per student

# LEVELS OF MONITORING

- ✦ Multiple levels of fiscal monitoring:
  - ✦ Universal monitoring
  - ✦ Targeted cycle monitoring
  - ✦ Intensive risk-based monitoring

# UNIVERSAL MONITORING

- ✦ Applies to all subrecipients of federal funds and is conducted annually.
- ✦ Includes review of annual applications, required assurances, audit reports, and amendments.
- ✦ This serves as SD DOE's first line of oversight and helps identify emerging risk areas or subrecipients that may require additional support or more in-depth reviews.

# TARGETED CYCLE MONITORING

- ✦ Provides a more focused review of specific fiscal or programmatic areas identified through the annual risk assessment or through communication with subrecipients.
- ✦ Reviews occur through desk reviews and evaluate areas such as:
  - ✦ Procurement
  - ✦ Time and Effort
  - ✦ Inventory Management
  - ✦ Allowability of expenditures
  - ✦ Other identified risk factors

# INTENSIVE RISK-BASED MONITORING

- \* This type of monitoring is reserved for subrecipients identified as:
  - \* High-risk based on significant compliance concerns;
  - \* Repeated or unresolved monitoring or audit findings;
  - \* Large or complex federal allocations;
  - \* Other indicators of fiscal vulnerability
- \* May involve increased oversight measures such as:
  - \* Pre-approval of expenditures
  - \* Review of claims before processing for payment
  - \* Requiring additional documentation for claims
- \* These actions align with the authority in 2 CFR 200.208 to impose specific conditions on subrecipients that present heightened risk.

# SELECTION & INITIATION

- \* The number of subrecipients selected each year depends on available resources such as staff capacity, as well as the size, complexity, and identified risk level of the subrecipients.
- \* Upon selection for review, SD DOE issues an initial notification letter to the subrecipient's superintendent, Director or CEO, and Business Official.
- \* The notification letter outlines the purpose of the review, programs included, submission instructions, and deadlines.
- \* The subrecipient has 30 calendar days to submit the required initial documents.
- \* Documents include, but not limited to:
  - \* Self-Assessment
  - \* Detailed expenditure reports
  - \* Chart of accounts
  - \* Time and Effort
  - \* Payroll reports

# ISSUING FINDINGS

- \* SD DOE issues findings to the subrecipient and provides a five (5) calendar-day window for the subrecipient to review the findings and respond with any factual inaccuracies or missing information. After the five-day period, findings become finalized and official.
- \* Each finding included in the report will contain:
  - \* A description of the condition or evidence that resulted in the finding
  - \* A statement of noncompliance, citing the applicable requirement
  - \* Required corrective action(s) the subrecipient must take
  - \* Any timelines or deadlines for completing the corrective action
- \* Upon receiving the final report, the subrecipient has 30 calendar days to take one of the two following actions:
  - \* Submit a corrective action plan (CAP)
  - \* Challenge the finding by submitting documentation or other evidence demonstrating that the finding is inaccurate or that compliance has been met.

# CORRECTIVE ACTION PLANS AND CLOSURES

- \* The CAP that is submitted to SD DOE must clearly outline:
  - \* Specific actions the subrecipient will take to correct the findings;
  - \* The internal controls or process changes that will be implemented to prevent recurrence;
  - \* The individuals responsible for implementing each corrective action; and
  - \* The timeline for completing each corrective action.
- \* SD DOE considers findings of noncompliance resolved only after the subrecipient has submitted sufficient and appropriate evidence showing that all required corrective actions have been resolved.
- \* SD DOE will issue a closeout letter confirming the approval of the corrective actions.

# COMMON ISSUES FOUND DURING REVIEWS

## ✱ Time and Effort documentation of federally funded employees

- ✱ No personal activity reports or semi-annual certifications of the employees
- ✱ Not signing the documentation in a timely manner (some cases, they are signed a year later)
- ✱ Incorrect cost objectives (provides the funding source, not what the employee is doing)
- ✱ Documentation does not equal 100% of the employee's time (only provides the percentage of when the employee is working on the federal program)

# COMMON ISSUES FOUND DURING REVIEWS

## \* Policies and Procedures

- \* Lack of any federal policies and procedures
- \* Federal procurement policies
- \* Cash Management policies (requesting federal funds on a reimbursement basis only)
- \* Allowability of Costs policies
- \* Inventory Management policies
- \* Time and Effort policies

# COMMON ISSUES FOUND DURING REVIEWS

## \* **Not following approved budget coding**

- \* Accounting documents will reflect activity/function and object codes that do not match the subrecipients approved budget.
- \* Example: Chromebooks for the Title I program is coded in the approved budget as 1273 (Title I Instructional) activity code and a 470(Equipment Non-Capitalized) object code. The subrecipients' accounting documentation has these items coded as a 1131 (Instructional) activity code and a 400 (Supplies and Materials) object code.

# FEDERAL UPDATES

- \* 43-day government shutdown occurred, leading to a Continuing Resolution (CR) to fund the government.
  - \* The shutdown had little to no impact on education, as education is forward funded.
- \* Consolidated Appropriates Act of 2026 was signed by President Trump on February 3, 2026

<i>Dollar amounts (in millions)</i>	FY 2025 (ended Sep. 30)	FY 2026 POTUS Budget Proposal	FY 2026 Senate Appropriations	FY 2026 House Appropriations	FY 2026 Final Appropriations (through Sep. 30)
Title I, Part A	\$18,407	\$18,407	\$18,457 (+ \$50m)	\$14,626 (- \$3,780b); rescinds \$938m in FY 2025 (- \$4,718b total cut)	\$18,427 (+ \$20m)
Title II, Part A	\$2,190	\$0**	\$2,190	\$0 (- \$2,190b); rescinds \$1,681b in FY 2025 funds (- \$3,871b total)	\$2,190
Title III	\$890	\$0 (- \$890m)	\$890	\$0 (- \$890m)	\$890
IDEA - Grants to States	\$14,214	\$14,891***	\$14,264 (+ \$50m)	\$14,234 (+ \$20m)	\$14,234 (+ \$20m)
K-12 Simplified Funding Program (SFP)**	N/A	\$2,000	N/A	N/A	N/A

# FEDERAL UPDATES

- ✱ South Dakota has received preliminary allocations for the following programs in March:
  - ✱ Title I Part A
  - ✱ Title II Part A
  - ✱ Title IV Part A
  - ✱ Title I Part C
  - ✱ Perkins
  - ✱ Homeless
  - ✱ 21<sup>st</sup> Century
- ✱ Other programs have not been released

# FEDERAL UPDATES

- \* Interagency agreements between U.S. Department of Education and multiple federal agencies.
- \* Programs transitioning out of U.S. ED to U.S. Department of Labor:
  - \* ESSA Programs
  - \* Impact Aid
  - \* Perkins Career and Technical Education
  - \* Many other programs
- \* Other federal programs have also been moved to Department of Interior, Department of State, and Department of Health and Human Services.

# FEDERAL UPDATES

- \* What will U.S. Department of Labor do?
  - \* Monitor states' drawdowns of funds
  - \* Execute monitoring visits to ensure discretionary grantee's compliance
  - \* Technical assistance to OESE staff
- \* What will U.S. Department of Education do?
  - \* Single audit resolution
  - \* Monitor internal controls and risk assessments for programs
  - \* Review annual performance and fiscal reports
  - \* Issue annual grant awards to states

# FEDERAL UPDATES

- \* Education Department General Administrative Regulations (EDGAR) and Uniform Grant Guidance (UGG) still applies to all the federal grants, regardless of interagency agreements and programs moving out of the Department of Education.
- \* Concerns from SEAs:
  - \* New payment system to draw down funds; could cause delays
  - \* Who do we contact?

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QUESTION?