FBS-SBS LEA CFO Update

Update from NCDPI – Division of School Business to the NCASBO Leadership and Regional Representatives

May 25, 2023
AGENDA

• Allotments Update
• Close-out
• Staffing/Facility Update
• Modernization Update
• Budget Update
• Monitoring and Compliance Update
• July Conference
Allotments Update
Brief Allotment Update

• Federal Planning should be out no later than Tuesday, 30^{th}
  • EC – IDEA has been posted
• Title I Planning – should see a slight decrease (only $10m statewide) due to decline in poverty data across the nation and based on NC share. This will be a trend so be aware that any funding based on poverty should reflect that trend.
• ABC Transfers we’ve received will all post by Tuesday, 30^{th} so you should be able to do good reconciliation with May data.
• Fuel Reserve funds also out by Tuesday, 30^{th}, we’ll post the amounts to the website ASAP.
Close-Out/ESSER
Close-out… already?

• We will have all the dates and close-out letter out early next week.
• Same as usual…. End of June is End of FY.
• We’ll need someone to be available to ensure we’ve gotten your files that weekend.
• Don’t OVER Request CASH.
• Reconcile your MONTHS Spent Report for your positions… modify early… Don’t wait for last week of JUNE.
• Correction Period is thru July 3rd.
Salary Audit

• Remember we ONLY have Derek.
• If you’ve waited all year to get started on these…. Hmmm….???
• We’ll do best we can, but all of these should be able to be corrected by your offices and you should not be reliant on us to correct manually on your behalf.
• Please be patient, we will have others supporting Derek after we can free them up from other deadlines.
• Derek is primarily helping process the IPC transactions as the Priority.
ESSER I and GEER (ENDED)

• We continue to see “accidental” expenditures hitting the accounts.

• Should only be seeing REFUNDS at this point in time in those grants that ended.

• All of those funds need to revert and be returned to the Federal Government.

• Negative Balances – make those corrections NOW or do the REFUND. DO REFUND VIA A NEGATIVE CERTIFICATION REQUEST in Cash Mgmt.
ESSER 2 – End Sept 30th

PRCs in the 17x series

• Are there funds that may not be spent… maybe in those specialized PRCs
• Expect a survey soon to get that information.
• If NOT or Can’t be spent, we need to pull the funding so it can be redistributed to more flexible options for everyone.
• Time is running out.
• GET YOUR $$ Spent!
  • For ALLOWABLE activities…. That will meet the deadlines.
ESSER – Maint of Equity (MOEq)

• Waiver Information coming from Federal Programs.

• Survey for doing the MOEq next week from Federal Programs.

• DPI will provide the Federal Programs group with the “expenditure” data.

• The LEAs need to provide the FTE data.
  • That data is a goal of some of the new fields in the Pay File…. One step closer to eliminating this work for you.
Staffing and Facility Update
Updated FO Policy

- More accounting requirements (*based on what we have seen as success or needed for success*)
- Higher Salary ranges and emphasis related to the position being part of leadership.
- Implementation of requirements July 1, 2023
- Aligned the mandatory salary implementation to correlate with the other non-certified ranges July 1, 2024, to allow time for districts to restructure as may be needed.
Open Positions at DPI

• John Keefer (Durham Cnty Gov), Radu Rosu (Retirement), Melissa Dearman (LGC) latest group to move on to new adventures.

• We continue (as do you) to look for:
  o Fiscal Analysts
  o Business Systems Analysts
  o Budget Analysts
  o Auditors/Compliance
  o Accountants
DPI Getting a Facelift

- We are now on 7th floor – North end (well part of us, rest on 6)
- Timeline is through Aug/Sept
- Will move back to the 3rd Floor.
- Will be tighter space.
- 1st – 3rd floor meeting space will be offline for a while.

- Phones set-up on Webex right now... Email continues to be easiest way to reach us, and then we can call you back.
Monitoring and Compliance
Annual Inventory

- Capital Assets
- Capital Projects
- FYI – the Fed’s don’t know or care about our “object” codes – they only care about proper recording of their “assets”. A ROOF is a ROOF, no matter what object code you use.

- How would be best to collect this from all the PSUs?
Federal “Interest”

- Not the $$ Interest but the “lien on property” interest
- Definition:

- Form they must complete.
  - May or May Not agree... however, we need to make sure you are all compliant
ESSER Compliance Monitoring

• We will be using a 3rd party vendor so expect us to be able to widen our area of scope.
• Primary areas of first focus:
  o Bonus payments
  o Construction Ownership
  o Inventory
• FAQ on website is continually being updated – focus on construction.
Modernization Update
3 Projects - Similar Timelines

We actually are juggling 3 separate and distinct projects with similar timelines that cross function with each other

• State Conversion to new ORACLE based financial system – NCFS Project

• MSA Software used for PSU data files sunsets (by Microsoft) June 30, 2023

• State DIT is sunsetting all programs on the Mainframe system June 30, 2024
NCFS Project – Go Live Oct 2023

- State conversion of their accounting system from NCAS to NCFS (an oracle-based platform)
  - Cash system must be upgraded and change in processing.
  - BUD system no longer can be supported, esp. the cash side of BUD.
  - Without BUD we are rethinking the Salary Audit Function to be on an annualized basis.
  - Without BUD we are rethinking the Positions Used function and how to annualize and collect that information.
  - Will require additional YTD information from Pay Files.
BUD System FACTS

• Don’t Panic!

• BUD continues to be functional and will be thru the July correction period.

• We are looking to keep it operational thru LICSAL as long as possible, however, CASH transactions and movement will need to change, due to NCFS.

• We’ll provide clearer update how that will impact next year’s salary audit process at the July Conference and during the summer as that is developed and tested.
MSA Sunset – June 30, 2023

• MSA Software expires – ended by Microsoft and will not be supported after June 30
  o State DIT will support minimally thru next fiscal year.
  o We will be running dual operations for beginning of year until we have all reports converted.
  o We are setting up Oracle/Apex platform to house Data Files from the PSUs and so we can recreate all our reports.
    ▪ All the JHA reports will go away.
    ▪ Need to create reports via the new platform.
    ▪ We will be using the MFR report as primary source.
  o Open to suggestions on how to make the reporting back to you better for you to use this data more effectively.
Mainframe Sunset – June 30, 2024

- Will be a new cash process; we will develop after we implement NCFS.
- All current items on Main Frame systems will no longer be supported by State DIT.
- Other systems must be redone to migrate off the mainframe.
UERS Data File Specs

Remember this is legislated (115C-12)

- Chart of Accounts
- GL/AP File Specs
- MFR File Specs
- Pay File Specs
  - This will have the most change due to the additional fields to help us annualize the salary audit and months used requirements.
Working with Vendors

• We met with the main Finance vendors this week. We’ve also met with CCIP vendor.
  • Provided updated Specs and will have follow-up meetings after they review.

• We are working on the timeline with all the vendors, many other systems involved, and a LOT of moving parts.

• Our target is July 1, 2024 for new specs to be in place due to NCFS requirements and other mandates.

• We must be ready for Grant Year reporting for all Federal funds by July 2024.
Benchmarking & Testing

• We continue to work with new vendors to Benchmark and work with the Financial System vendors.
  • Durham implementing WINGAGE this summer
  • Gaston, continues to improve, will be testing alternatives for BUD and Salary Audit
  • New Hanover testing the cash processing

• We will be running dual processing as we look towards sunset of MSA to test alternatives for reporting and analysis work.
Some other notes

• This is a large, expansive project touching all of our processing and data in SBS.
• Our goal is to move to have things set-up STRUCTURALLY for FY 23-24 so we can then test the operational, reporting, and data interfaces during this next FY.
• Live data then would be for FY24-25.
• Should allow runway for all the various system modification both at DPI and with the External systems as well as training to operationalize things.
• We are forming small working groups with LEAs and Charter CFOs, HR, etc. to work thru specific projects and steps.
  • We will be reaching out. Let Gwen or I know if you want to participate and what areas you may want to lend your expertise.
Budget Update
Timeline Update

• House and Senate budgets out. Compare posted to website.

• Conference (Final Budget) target to be completed by June 15th.

• All Bills had to meet cross-over deadline, no new bills may be introduced, however, bills may be modified.

• Won’t know final Retirement/Hosp rates or raises until we get the Final Budget.
Funding in Arrears

- Funding in Arrears in both budgets, so we will be planning accordingly for the FY24-25 year.
- Likely will be 2\textsuperscript{nd} month ADM (based on language in current bills).
- All PSUs funded based on that same period.
- Growth would be adjusted across All categories.
  - If under the weighted model would be the full $ per pupil for the LEA based on the initial weighted allocations – that $ per pupil would be applied.
  - Headcounts would not be adjusted until the following year.
- Declining student population would be a year behind
- Everyone reset to the 2\textsuperscript{nd} month for the next fiscal year.
- Headcount data would be reset to those headcounts available as of December 31\textsuperscript{st}. 
Weighted Funding Model

- Don’t Panic!
- Nothing explicit in the Senate’s budget and the bill did not make cross-over, however, planning will continue.

Basic Premise – Student Focused:
- ALL current legislation related to the allocation of funding would be abolished – to start with clean slate.
- One Bucket of Funds
- One PRC with open chart of accounts (somewhat) – Think PRC 037 COA
- Full Flexibility in how funds are used.

We will keep everyone posted.
FBS Summer Conference
Thursday July 20th
Sheraton Imperial - RTP
Summer Conference – Reserve the date

- Room Block info will be out tomorrow – Discount thru June 18th (if you haven’t secured thru the NCASBO room block)
- Working to set-up with the Finance/ERP vendors demonstration space for you to see their software options.
- We want to make this more interactive; any suggestions are welcome.
- Will get information on registration out this week.
- Thank you for your continued support at this event!
- We will have COOKIES!!
Thanks for all you do!
Questions
Reminders from Last Forum related to Modernization
PSU Chart of Accounts (COA)

• The approved ERP COA designed 4 years ago will need to be implemented structurally July 2023.

• Due to the Required Grant Year reporting in the new State NCFS system, DPI and the PSUs will need to move to grant year reporting for all federal and other multi-year grants.
  • That data will begin in July 2024 from the PSUs. DPI will have to implement a work around in 23-24 for our required NCFS.
  • It will allow for grant funds to carry forward automatically so there should be less delay in that part of the processing.

• We have met with the 4 primary vendors and CCIP, and will be meeting with the unique PSUs (CMS, Wake, Charters) over the coming weeks.
The budget code is defined by the NC Department of Public Instruction under UERS General Statutes. LEAs can define the last 5 digits only of the budget code.

Most Board of Education’s Budget Resolution during the fiscal year is at the Fund-Purpose Code level of the Budget Code.

The PRC and Object codes tell you funding pot & type of expenditure.
The Budget Breakdown or Budget Code – NEW COA

The budget code is defined by the NC Department of Public Instruction under UERS General Statutes. This is currently used by the new ERP systems and the CODING STRUCTURE only is mandated for all by **July 1, 2023.** Operational LIVE data **July 2024.**

The PRC and Object codes tell you funding pot & type of expenditure.

Most Board of Education’s Budget Resolution during the fiscal year is at the Fund-Purpose Code level of the Budget Code.

- **X = DPI Defined**
- **Y = PSU Defined**

*Can be Alpha-Numeric*
COA Key Takeaways

• Provides expansion of codes with hope of providing needed flexibility for all PSUs as well as enable DPI to capture critical data.

• Enables the newer ERP systems to set-up those systems to operate efficiently and how they work nationally.

• Critical piece is the grant year accounting which will be required for federal grant funds when the state moves to the new NCFS system in 2023.

• DPI does not intend to define any of the new coding (Xs) until 2024.

• We’ll be working with vendors to help mask datafiles as needed during FY 23-24.
Coming up Next

• MFR Report Specs – Implement all aspects of that file including the budget field – the MFR was always meant to replace the MSA system files so we have to start testing and move that way. – Hope is July 2023 (since no new specs) but we’ll see after we get with vendors.

• Cash Request Process and System has to be redesigned. That likely will go into effect July 2023 or when NCFS goes live.

• BUD system will go away for cash processing.
  • The Salary Audit side has to be redeveloped.

• Position Control File specs - Finalize and get to vendors (hope is July 2024).