



Accounting Guidance for Fiscal Agent of Regional Secondary Career and Technical Education Planning Partnership

The purpose of this guidance is to provide general direction regarding the accounting of Secondary Career and Technical Education (CTE) Regional Planning Partnership (RPP) funds.

Regional Planning Partnership Fiscal Agent

Each RPP should designate a fiscal agent. By definition, the fiscal agent is an **entity** which has been empowered to handle fiscal matters for another entity, including disbursement or passing through of funds. For purposes of the RPP, the fiscal agent may be any of the following:

- Public School District
- Area Education Agency (AEA)
- Community College

Serving as the fiscal agent does not equate to being the funding recipient; the RPP is the recipient. *The fiscal agent is an entity, not a person.*

While an RPP's fiscal agent can help guide discussion on the partnership's expenditures, it cannot make the final determination. Determining expenditures is the duty of the members of the RPP as a whole. Each RPP should define the roles and responsibilities of the fiscal agent if there are additions to the items below.

Fiscal Agent Responsibilities

- Submit the Secondary CTE RPP Application via the Iowa Grants system (iowagrants.gov).
- Receive funds from the Department on behalf of the RPP.
- Distribute reimbursements for approved expenditures once funds from the Department are received.
- Maintain RPP fiscal records (fund accounting).
- Provide necessary information to RPP members for proper account coding.

Regional Planning Partnership Coordinator

An RPP coordinator is a person who provides services on behalf of the RPP. This could be an employee of the fiscal agent; however, they would not have to be. "RPP coordinator" is NOT synonymous with "fiscal agent." As stated previously, an RPP fiscal agent is not a person.

Suggested Responsibilities

1. Submit the Secondary CTE RPP Application and claim for funds on behalf of the RPP.
2. Coordinate meetings.
3. Document, maintain and monitor the RPP approved annual budget.
4. Help ensure awarded funds are used only for purposes defined by Iowa Code section 258.14.
5. Work with fiscal agent to collect requests from and provide reimbursements to RPP member districts based on supporting documentation.
6. Submit annual status report via the Iowa Grants system (iowagrants.gov).

Accounting Requirements: GAAP

The fiscal agent is handling funds on behalf of the RPP; special accounts should be set up for the RPP funds. Accounting for the funds cannot be done through a governmental fund of the fiscal agent, such as its General Fund. It must be done through a fiduciary fund (Custodial Fund). Generally Accepted Accounting Principles (GAAP) defines the purpose of a Custodial Fund as one used to account for resources where a fiduciary relationship exists with other governments, private organizations, or individuals.

Pass-Through Grants: GASB24, Paragraph 5

GASB—Governmental Accounting Standards Board

GASB Statement No. 24 was issued in June 1994, and addresses “Accounting and Financial Reporting for Certain Grants and Other Financial Assistance”

Governmental entities often receive grants and other financial assistance to transfer to or spend on behalf of a **secondary recipient**. These amounts are referred to as pass-through grants. All cash pass-through grants received by a governmental entity (referred to as a **recipient government**) should be reported in its financial statements. As a general rule, cash pass-through grants should be recognized as revenue and expenditures or expense in a governmental, proprietary, or trust fund. ***In those infrequent cases in which a recipient government serves only as a cash conduit, the grant should be reported in a custodial fund. A recipient government serves only as a cash conduit if it merely transmits grantor-supplied moneys without having administrative or direct financial involvement in the program [emphasis added].***

A recipient government has administrative involvement if, for example, it:

- a) monitors secondary recipients for compliance with program-specific requirements (***the Department of Education does the monitoring of the RPP, not the fiscal agent***);
- b) determines eligible secondary recipients or projects, even if using grantor-established criteria, (***the RPP as a whole makes these decisions, not the fiscal agent***); or
- c) has the ability to exercise discretion in how the funds are allocated (***the RPP as a whole makes these decisions, not the fiscal agent***).

A recipient government has direct financial involvement if, for example, it finances some direct program costs because of a grantor-imposed matching requirement or is liable for disallowed costs (***this is not applicable to an RPP***).

Typical Coding Format for Revenue and Expenditures

Revenues and other fund sources

Fund—facility—program—project—source
xx—xxxx—xxx—xxxx—xxxx

Expenditures and other fund uses

Fund—facility—function—program—project—object
xx—xxxx—xxxx—xxx—xxxx—xxx

*Refer to the [Iowa Chart of Account Coding](#).

Recommended Process and Account Coding for RPP Funds – Fiscal Agent

Establish a Custodial Fund (9x) to account for the RPP’s revenues and expenditures. Only Custodial Fund asset and liabilities are required to be uploaded to the districts’ annual Certified Annual Report (CAR). **Note: If there is an ending balance for the RPP, it is reported in Account 770, Restricted Net Position with Project 3261 unless it is an actual liability. This is a change due to GASB 84.**

Record reimbursement from the Department (RPP funds) as Program 300, Project 3261, Source 3261 (9x - xxxx-300-3261-3261).

Program 300: Vocational (Career) and Technical Programs
Source 3261 & Project 3261: Career and Technical Education aid (IC chapter 258) (previously Vocational aid)

Record reimbursements (expenditures) to the member districts as Program 300, Project 3261, with Function and Object based on the type of expenditure. Evidence of expenditures (receipts) should be received before any reimbursements are paid to the Districts Members of the RPPs.

Use the facility code (district number) to account for each member district (9x-~~xxxx~~xxxx-300-3261-xxx). Doing so is recommended to better enable reconciliation with the district. This could save the district time in the future.

Recommended Process and Account Coding for RPP Funds – Member District

A member district will record its RPP-reimbursable expenditures within its general fund.

Record expenditures as Program 300, Project 3261, with the appropriate Facility, Function, and Object.

Example: Purchased a drill press: 10-xxxx-1000-300-3261-739

Record reimbursement from the fiscal agent as Program 300, Project 3261, Source 3261 (10-xxxx-300-3261-3261).

Special Situation: RPP Fiscal Agent Provides Additional Services to the RPP

The RPP should define functions required by the group, such as Professional Development Coordination. If the professional development is provided by RPP and organized by the RPP's fiscal agent, it should be coded as professional development.

For example, if an AEA is serving as an RPP's fiscal agent and also provides professional development for the RPP at a cost of \$2,000, the agency would record the following entries:

In the Custodial Fund (for the RPP):

Expenditure: 9x-xxxx-2213-300-3261-594 (\$2,000) (record each district separately; \$2,000/# of districts receiving the professional development)

Revenue (reimbursement): 9x-xxxx-300-3261-3261 (\$2,000) (Note: these dollars won't actually flow to the districts)

Function 2213 – Instructional Staff Training
Program 300 – Career and Technical Programs (or use detail coding, 3XX)
Project 3261 – Career and Technical Education aid (RPP) (IC chapter 258) (previously Vocational aid)
Object 594 – Services Purchased from an AEA within the State

In the AEA General Fund (for providing the professional development):

Revenue: 10-xxxx-300-8531-1958 (\$2,000)

Project 8531 – District Assigned (could use anything between 8001 and 9999)

Questions?

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