



Illinois State Board of Education

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MEMORANDUM

TO: Local Education Agencies

DATE: May, 2007

FROM: Tim Imler
Division Administrator
Funding and Disbursement Services Division

SUBJECT: Core Functions of Administrative Districts Acting as Fiscal Agents for Joint Applications or Cooperatives/Joint Agreements

In some federal and state programs, two or more school districts or entities submit one application and select an administrative district to serve as the fiscal agent, on behalf of the joint application participants. These may be referred to as joint applications, partnerships, consortiums, or multi-district applications. In other federal or state programs, applications are submitted by a cooperative or joint agreement that requires a legal entity to serve as the fiscal and legal agent on behalf of the cooperative or joint agreement.

Administrative districts are normally school districts that are chosen and approved by the joint applicants or the governing board of the cooperative/joint agreement. In some cases, regional offices of education have been designated as the administrative and fiscal agent. The Illinois State Board of Education (ISBE) recognizes the administrative district as the fiscal and legal agent for the joint application or cooperative/joint agreement.

This memorandum defines updated core functions and duties for administrative districts appointed as the fiscal agent on behalf of joint applicants, cooperatives, and joint agreements. There may be additional requirements for the designated fiscal agent based on individual program rules or regulations.

The key statutes prescribed in the Illinois School Code which allow for the formation of cooperatives and joint agreements and the related duties of administrative districts are located in 105 ILCS 5/10-22.31, Special Education; 105 ILCS 5/10-22.31a, Joint Educational Programs; 105 ILCS 5/3-15.14, Cooperative Educational Programs; and 5 ILCS 220/1, Intergovernmental Cooperation Act.

The administrative district is recognized as the entity primarily responsible for receiving and administering all funds that flow from the Illinois State Board of Education (ISBE) to the joint application participants or all funds for the cooperative/joint agreement. As such, the administrative district must perform the following primary functions and responsibilities as the fiscal and legal agent:

1. Obtain signed Certifications and Assurances, and Terms of the Grant forms from each entity or individual participating in the grant and return the forms to ISBE prior to award of the grant.
2. Communicate grant requirements and fiscal information to the joint application participants.
3. Have a recognized bonded treasurer, whose bond is on file with the Regional Office of Education (105 ILCS 5/8-2). In the case of a Regional Office of Education operating as the fiscal agent, a bond must be on file with the office of the County Clerk (105 ILCS 5/3-2).
4. Prepare, display, provide notice and conduct hearings on the budget of the cooperative/joint agreement (105 ILCS 5/17-1).
5. Maintain separate accounts and ledgers for the cooperative/joint agreement in accordance with the Illinois Program Accounting Manual (IPAM) (105 ILCS 5/3-15.1, 105 ILCS 3-15.14). The accounting of all revenue and expenditures for the cooperative/joint agreement must clearly be posted in the cooperative/joint agreement accounts by the fiscal agent. Revenue for the cooperative/joint agreement should be posted to state or federal sources according to the IPAM. (for example: IDEA Discretionary 4630) Revenue should not be recorded as flow through funds from the fiscal agent to the cooperative/joint agreement since it is posted directly to the cooperative/joint agreement accounts and ledgers. All expenditures made on behalf of the cooperative/joint agreement with the cooperative/joint agreement board's approval should be properly posted in the appropriate expenditure account of the cooperative/joint agreement. (105 ILCS 5/2-3.27, 105 ILCS 3-15.1, 105 ILCS 3-15.14).

Fiscal agents for joint applications should record grant project revenue to be disbursed to the joint application participants as 2100 (Flow-Through Revenue from State Sources) or 2200 (Flow-Through Revenue from Federal Sources). Fiscal agents should report grant project expenditures of the flow through funds as 4100 – Payments to Other Governmental Units and those expenditures should be based on actual expenditure/obligation data from the participating joint applicants. Any revenue that is to remain with the fiscal agent and be expended for the purposes of the grant project would be recorded as revenue and expenditures from state or federal sources according to the IPAM. (for example, 4971 – 1000 – Education Thru Technology - Salaries). Joint application participants receiving funds from their fiscal agent should record revenue and expenditures from state or federal sources according to the IPAM. (for example, 4971 -1000 – Education Thru Technology – Instruction - Salaries).

6. Be responsible for the accountability, documentation and cash management of the grant, the approval and payment of all expenses, obligations, contracts, and hiring of personnel in accordance with the grant agreement or with decisions and payment orders made by the governing board of the cooperative/joint agreement. This would include, but not be limited to:
 - Disbursement of all funds to joint application participants based on information (payment schedules) from joint application participants showing anticipated cash needs in each month of operation. (The composite payment schedule submitted to ISBE should reflect monthly cash needs for the fiscal agent and the joint application participants.)
 - Requirement of all joint application participants to report expenditures to the fiscal agent based on actual expenditures/obligation data and documentation. Reports submitted to ISBE should reflect project expenditure/obligations for the fiscal agent and the data obtained from the joint application participants.
7. Be accountable for interest income earned on excess cash on hand by all joint application participants of the grant project and return applicable interest earned on advances to the Illinois State Board of Education as required. See the *State and Federal Grant Administration Policy and Fiscal Requirements and Procedures* handbook for guidelines addressing the return of interest income.
8. Make financial records available to outside auditors and Illinois State Board of Education personnel, as requested by the Illinois State Board of Education. The financial accounting records maintained by the fiscal agent should be audited annually and reported on the Illinois School District/Joint Agreement Annual Financial Report in accordance with the requirements applicable to such audit reports. (105 ILCS 5/3-7, 105 ILCS 3-15.1, 105 ILCS 3-15.14)
9. Be responsible for the payment of any funds that are to be returned to the Illinois State Board of Education.
10. Have a recovery process in place with all joint application participants for collection of any funds to be returned to Illinois State Board of Education. Any recovery process from joint application participants by the fiscal agent for overpayment of funds must be provided for in accordance with the grant agreement and/or the fiscal policies and procedures of the articles of the cooperative/joint agreement.
11. Adopt policies of the cooperative/joint agreement and take all other actions that are legally necessary to carry out the directions of the governing board of the cooperative/joint agreement.

Payment of grant project funds for a joint application or cooperative/joint agreement must be made to the designated administrative district when distributed by an intermediary, (i.e. the Regional Office of Education or a Township Treasurer). Joint application or cooperative/joint agreement project payments should never be sent directly to a joint application participant or cooperative/joint agreement office.

Glossary of Terms

Joint application – one grant project application is submitted to the Illinois State Board of Education by a designated administrative district on behalf of two or more school districts or entities

Cooperative or joint agreement – formation by school districts under a governing board to provide educational or special educational services

Administrative district – a designated school district or regional office of education serving as the fiscal and legal agent on behalf of the joint application participants, cooperative, or joint agreement

Fiscal and legal agent – performs duties and responsibilities in accordance with grant agreements and decisions made by the governing board of a cooperative or joint agreement

Grant agreement - an agreement between the awarding agency (ISBE) and the grant recipient that includes approved activities to be implemented by the recipient, as set forth in the approved proposal and any approved amendments, the amount and term (timelines) of the grant awarded; approved budget and payment schedule and budget breakdown; program-specific terms of the grant; and certification and assurances.

IPAM – Illinois Program Accounting Manual