



JANET BARRESI
STATE SUPERINTENDENT OF PUBLIC INSTRUCTION
STATE OF OKLAHOMA

MEMORANDUM

TO: The Honorable Members of the State Board of Education

FROM: Janet C. Barresi

DATE: June 26, 2014

SUBJECT: Budget Revisions for Federal Programs – Changes to Oklahoma Cost Accounting System (OCAS) Policies & Procedures

Current OCAS procedures state that expenditures (except indirect cost and fund transfers) will be allowed to exceed the approved budgeted function-object category by 100%, provided the sum of all expenditures does not exceed the total budget.

Proposed change: Expenditures will be allowed to exceed the approved budgeted function-object category by only up to a maximum of 25%. Budget revision will be required if expenditures exceed the approved budgeted function-object category by more than 25%. The sum of all expenditures should not exceed the total approved budget.

OSDE is responsible for the approval of LEA's budgeted activities and amounts and to ensure that federal funds are spent on allowable activities and costs. During the FY 13 single audit, the state auditors were concerned that by allowing expenditures to exceed the approved budget by 100%, OSDE's approval control's value is diminished. The State Auditors recommended that the OSDE examine the risks associated with the current budget flexibility granted by the OCAS manual and consider methods necessary to address/reduce those risks.

We believe the proposed change in the procedures will provide OSDE an enhanced monitoring tool and address auditor concerns while giving LEAs a fair amount of flexibility in budgeting their funds. If approved, OSDE staff will provide appropriate notification and assistance to LEAs. Approval is recommended.

ms/nh