

## UNIFORM CHART OF ACCOUNTS GRANT PROGRAMS

### BACKGROUND:

A Uniform Chart of Accounts (UCOA) is a standardized account-code structure that allows every municipality and local board of education to use the same account codes and methods for reporting revenue, expenditures and other financial information. The Office of Policy and Management (OPM) and the State Department of Education (SDE), working with municipalities, local boards of education and various stakeholders have developed a UCOA for municipalities and local boards of education to comply with [Sec. 10-10c](#) and [Sec. 7-406c](#) of the Connecticut General Statutes (CGS). These statutes require municipalities, local boards of education, regional school districts, regional education service centers and charter schools (from hereon in referred to as “localities”) to report revenues, expenditures and other financial information to the State in accordance with the State developed UCOA.

### MAPPING APPROACH:

It is important to emphasize that, although the UCOA will provide a structure for reporting expenditures and revenues and other financial information, neither CGS Sec. 7-406c regarding municipalities nor CGS Sec. 10-10c regarding school districts requires municipalities or school districts to replace their current chart of accounts with the UCOA developed by the State. OPM and SDE working with municipalities and local boards of education have agreed upon a mapping approach that would allow municipal and education financial information to be “mapped” to the State developed UCOA. Such an approach would not require significantly altering the underlying local chart of accounts of the financial accounting systems of localities. OPM’s Consultant is in the process of developing a single mapping tool that will be used to crosswalk both the municipal and educational financial information from the local chart of accounts that resides in each locality’s financial accounting system to the State developed UCOA. Web based forms are also being developed to capture certain non-financial information or for those that choose to not use the mapping tool to report their financial information.

### IMPLEMENTATION:

The initial reporting for boards of education will occur under a PILOT program beginning in the latter half of calendar year 2014. In 2015, reporting in accordance with the UCOA will occur for each local board of education. For municipalities, the initial reporting will occur in the latter half of 2014 with high-level financial data that will be transferred from each municipality to the State electronically. Financial and non-financial municipal information will be reviewed and analyzed by OPM in determining the need for more detailed information in subsequent years and the specific additional information to be captured. OPM’s Consultant will assist localities to meet their reporting requirements.

## GRANT PROGRAMS:

Section 328 of P.A. 13-247 established the "municipal reimbursement and revenue account" which was established as a separate, non-lapsing account within the State's General Fund. Monies deposited into this account under the public act, included funds to be expended by the Office of Policy and Management (OPM) to assist municipalities for the state developed uniform chart of accounts (UCOA). OPM is making available up to \$400,000 in total grant awards for conversion to the State developed UCOA under two separate grant programs. Descriptions of the two UCOA Grant Programs and their requirements are as specified below.

1. **UCOA Conversion Grant Program:** The mapping approach is believed by OPM to be an overall sound approach to meet the State's information and benchmarking needs. However, OPM recognizes that conversion of local chart of accounts to the State developed chart of accounts does have advantages in regard to direct reporting without the need for mapping and with the least chance of financial reporting errors. The most ideal time and opportunity to convert from a local chart of accounts to the State developed UCOA is when a locality is undergoing a change in its financial accounting system or an upgrade of its current system. 25% of the respondents to the March, 2013 UCOA and Benchmarking Survey of municipal and local board education stakeholders indicated that they planned to change or upgrade their local financial accounting systems within the next 24 months.

OPM has initiated a program to allow localities to apply for grants for which the proceeds shall be used to assist in the financing of upgrades or changing of local financial accounting systems. Each locality applying for the grant shall agree to integrate or convert to the State developed UCOA as part of their upgraded or new financial accounting system. For an individual locality, the level of financial assistance would be the lower of \$15,000 or the total of the planning and implementation cost for the new or upgraded local financial accounting system. If the locality is a municipality with a local board of education and both the municipality and the local board of education incorporate the new or upgraded local financial accounting system, the grant award for the locality will be the lower of \$30,000 or the total of the planning and implementation costs of the new or upgraded local financial accounting system.

### Grant Criteria:

- Any locality obtaining state grant funding for a new or upgraded financial accounting system under the grant program is required to integrate or convert to the State of CT developed Uniform Chart of Accounts as part of the new or upgraded local financial accounting system.
- Costs eligible under the grant include planning and implementation costs such as accounting, UCOA conversion/integration and computer related costs as well as legal costs related to the local financial accounting system and UCOA.

2. **Small Localities Financial Accounting System Collaboration Grant Program:** OPM recognizes that the State developed UCOA is meant for broad use by localities of various sizes and that some smaller sized localities may not currently have financial accounting systems with enough sophistication to accommodate the UCOA account structure developed. This belief is supported by the UCOA and Benchmarking March 2013 Survey which identified a number of smaller sized localities using quick-books or similar applications as their sole financial accounting systems. Additionally, it is recognized that the latest computer technology and software is not easily affordable for a single locality on its own and that there would be both financial and efficiency benefits achieved through collaboration and combining of resources among these entities to finance and maintain a standardized financial accounting system that integrates the State developed UCOA. Economies of scale will leverage significant reductions in both overall costs and costs to each participating member locality for the implementation of such computer technology and services. Furthermore, such a collaboration may reduce the need for member localities to hire additional specialized skilled in-house computer staff.

OPM has initiated a program that would provide grant funding for a Small Localities Financial Accounting System Collaboration (SLFASC). Two or more municipalities with populations generally 15,000 or under or two or more regional school districts (including charter school or regional education service center) may apply to develop a SLFASC. Any two or more municipalities or regional school districts that engages in such a common or standardized local financial accounting system initiative (including a cloud-based accounting system) shall be eligible for financial assistance for the lower of \$15,000 per participating locality or the total of the cost to the locality for planning and implementation of the new or upgraded financial accounting system. If the locality is a municipality with a board of education and both the municipality and board of education incorporate the local financial accounting system, the grant award per participating municipality, will be the lower of \$30,000 or the total of the cost to the participating municipality for planning and implementation of the new or upgraded financial accounting system. OPM will be funding up to three collaborations. In addition, OPM staff and OPM's Consultant for UCOA related matters will be made available to each collaborative for technical assistance.

Collaborative Models include but are not limited to the following:

- One locality acts as the host locality by allowing its financial accounting system that incorporates the State developed UCOA to be shared with one or more additional localities;
- Two or more localities join in a collaboration to develop a standard local financial accounting system or collaborate to contract with a provider that offers a local financial accounting system. The local financial accounting system developed by the collaboration or contracted for by participants in the collaboration must be used by the participants in the collaborative and must incorporate the State developed UCOA in order for the participating localities to be awarded funds under this grant.

### Grant Criteria:

- The collaborative must consist of at least 2 localities. Priority for grant awards will be provided to collaborations with the largest amount of participating entities.
- Any locality obtaining state grant funding for a new or upgraded financial accounting system under the SLFASC grant program is required to integrate the State of CT developed Uniform Chart of Accounts as part of the financial accounting system.
- Each collaborative must identify the fiduciary party or lead entity, unless the collaboration provides an explanation as to why a fiduciary or lead entity is not warranted. The fiduciary or lead entity may be a member locality of the collaborative or an entity acting on behalf of the localities of the collaborative.
- Costs eligible under the grant include planning and implementation costs such as accounting, UCOA conversion/integration and computer related costs as well as legal costs related to the local financial accounting system.
- Applicants should describe the intended collaboration and how the collaborative is expected to achieve cost savings for its member localities and/or how the accounting system of the collaborative would be an improvement to the systems currently being used by participants in the collaborative.

**APPLICATION DEADLINE:** There are separate applications for each of the two UCOA grant programs described above. Localities (including fiduciaries) should complete the application form for the grant program they are applying for and submit it to the State Office of Policy and Management by **December 31, 2014** in order to apply for the first disbursements of grant awards.

**ADDITIONAL FUNDING:** OPM retains the discretion to waive the grant award cap if deemed necessary by the Secretary. Additional grant awards may be made available to those localities not receiving awards under the first disbursements, depending upon grant funding availability. Future notifications and updates will be transmitted in regard to additional grant funding being available and new application deadlines.

**CONTACT:** You may contact Eric Lindquist at 860-418-6395 or at [eric.k.lindquist@ct.gov](mailto:eric.k.lindquist@ct.gov) should you have any questions.