



Returning IDEA Formula Funds to DPI

Last Updated 10/1/2024

LEA Procedures

When an LEA refunds IDEA funds to the Department, LEA personnel should follow the following procedures:

1. Prior to refunding any IDEA funds, complete the form located at <https://bit.ly/return-idea-funds>. Please note that if indirect cost recovery was applied to the claims, an amount of indirect funds claimed will also need to be returned.
2. Once the LEA has submitted the "Return of Funds" notification form, wait until you receive an e-mail from DPI with information regarding the return of funds process (the return will need to be done through an electronic transfer). The e-mail will have an attachment listing the amount of the return, the funding source, and the fiscal year impacted. Double check this information for accuracy (if it is incorrect, contact DPI prior to making any payment).
3. Payments to DPI must be made through ACH direct deposit. Once the funds are received by DPI, the LEA's business official will receive an e-mail confirming the payment was received by DPI.
4. Check the [STAR Aids Register](#) to confirm the refund has been posted. It will appear as a negative payment. If you are returning Comprehensive CEIS, Voluntary CEIS or Title I Schoolwide set-aside funds, they will appear as a negative payment under IDEA Flow-Through Entitlement CFDA/§ 84.027.
5. After the payment has been sent, the LEA should log into WISEgrants and amend the line items on the claim in which the funds are being returned. Once the funds have been returned, and if the LEA has amended the claim to reflect the return of funds, DPI staff will

submit the negative claim.

6. The amended claim must be signed by an agency authorizer.
7. If the amount returned is still within the Tydings period, the returned funds will be added to the LEA's carryover amount. If the amount returned is outside of the Tydings period, it will be sent back to the federal awarding agency.

Click [here](#) for additional information regarding the handling of vendor refunds from a prior year

Recording the entries for the return of IDEA formula funds after the fiscal year is closed

Situation 1: There was an actual expenditure incurred and claimed against the IDEA grant

Entries in the grant year to reflect return of IDEA funds after year end

DR - Expense to project 011 or 019 CR - Expense to project 341 or 347

CR - Expense to project 341 or 347

Reverse expenditure to the grant and move to state categorical aidable or non-aidable project code.

(Note - this will increase your local and state costs in regards to Maintenance of Effort (MOE) testing)

Situation 2: There was no expenditure incurred, but IDEA funds were received

There are no entries in the grant year to modify expenditures, unless an expenditure not specifically budgeted and claimed was coded in error to project 341/347 to reflect the grant funds received. In that case, the expenditure would be reclassified as in Situation 1.

It is **strongly recommended** that the return of grant funds be accrued in the grant year, such as by a June 30 journal entry, to accurately reflect the LEA's costs in the grant year and correct the Fund 10-to-27 transfer amount for the local expenditure MOE test.

Two options for reversal of revenue and accrual of the payment back to DPI in the grant year

1. If an LEA has a receivable in function 715500-Due from State Government that is at least the amount of the return, the LEA can offset the

receivable by the amount of the return.

DR - Revenue to source 730

CR - Function 715500 - Due from State Government

Reverse the revenue and reduce the year end receivable from the State by the amount of the return.

OR

2. If an LEA does NOT have a receivable in function 715500-Due from State Government that is at least the amount of the return, the LEA must record a liability in the amount of the return.

DR - Revenue to source 730

CR - Function 813500 - Due to State Government

Reverse the revenue and add liability to the State by the amount of the return.

Entry in the following year for payment of the return of IDEA funds

If the revenue was properly reversed and the payment to DPI accrued in the grant year, book the check (credit to cash) against the accrual.

DR - Function 813500 or 715500, depending on how the accrual was recorded

CR - Cash

Situation 3: Refund was received from a vendor

Code the vendor refund in the current fiscal year under Fund 27:

DR - 27E-492000-971-019

CR - 27B 711000 (cash)

Next, code the return of funds to DPI in the current fiscal year under Fund 27:

DR - Revenue to source 730

CR - Function 715500 - Due from State Government

