**Finance Newsletter January/February 2023**

**Coming Soon- A New Federal Reimbursement of Health Benefits Process**

A new federal reimbursement of health benefits process is close to going live. Currently, districts are just required to make their required monthly payments and the method and process of making these payments will not change. However, once the new process goes live, districts will be required to submit a newly developed monthly file, to correspond with the monthly payment. This file should agree with the payment submitted and districts should reconcile any differences between the amounts shown on the file, and the amounts remitted. The districts should be prepared to explain any variances and retain the discrepancies in their records.

Retention of federal funds for expenses that were **not** paid by the district, may result in audit findings, questioned costs and further actions by oversight agencies.

As the process gets closer to being finalized, further information will be sent to each district’s finance officer. In the meantime, if you have any questions or concerns over this impending procedure, please reach out to [Gail Cox](mailto:gail.cox@education.ky.gov) or 502-564-3846 Ext.4462, or [Jackie Chism](mailto:jackie.chism@education.ky.gov) or 502-564-3846 Ext.4445.

**Coming Soon-Round 3 Disbursement of USDA Supply Chain Assistance**

The USDA continues to provide additional funding to sponsors of the National School Lunch Program to mitigate rising costs associated with supply chain disruptions. This fall, all program sponsors had the opportunity to accept or decline Round 3 Supply Chain Assistance (SCA) funds. If your district accepted funds, you should expect to see payment in the Child Nutrition Information and Payment System (CNIPS) by mid-January 2023.

A few quick reminders regarding allowable use of the funds:

* only spend SCA funds on food products that are unprocessed or minimally processed. The Division of School and Community Nutrition (SCN) will monitor spending of these funds through the administrative review.
* when reviewing, SCN will ask how the funds were spent and select invoices to review to ensure that funds were spent on allowable purchases.
* additionally, SCA funds should be deposited into the non-profit school food service account as they are USDA child nutrition program funds.

For any additional questions, please contact [Katie Embree](mailto:kathryn.embree@education.ky.gov.) with the Division of School and Community Nutrition.

**2023-2024 SEEK Trend Web Form**

The [2023-2024 SEEK Trend](file:///C:/Users/kdowney/Documents/Custom%20Office%20Templates) web form is now open and ready for districts to submit data that will be used to determine SEEK payments for July, August and September 2023. The form will be open until **February 28, 2023**. The form is located under the ‘SEEK Forms & Tools’ section of the website.

If your district does not provide estimates for Adjusted Average Daily Attendance (AADA), At Risk (Free Lunch), Home & Hospital, Limited English Proficiency Learners (LEP) and property assessments, the Kentucky Department of Education (KDE) will use trended data which may not be as accurate as your district’s estimates, impacting your SEEK payments for several months.

You will not need to estimate exceptional child data, as the actual data will be available in early 2023.

If you have questions, please contact [Sarah Tandy](mailto:Sarah.Tandy@education.ky.gov) or (502) 564-3846, ext. 4454, or [Krystal Smith](mailto:Krystal.Smith@education.ky.gov) or (502) 564-3846, ext. 4425.

**Safeguarding Public Funds**

Most Kentucky school districts have insurance for cybersecurity related losses, however; the existence of such insurance does not waive legal or regulatory obligations to safeguard public funds. Additionally, like any liability insurance, it may not cover losses if it determines negligence played a role in the claim.

In one scheme, a fraudster discovers a legitimate vendor of the school district. The fraudster contacts the school district pretending to be from the legitimate vendor, as they can appear to be authentic due to the availability of vendor information located on the internet. The fraudster tells the school district the vendor has changed its accounts receivable procedures and instructs the school district to wire payments to the fraudster’s bank account. As **legitimate** invoices are received, the school district unknowingly issues payment to the fraudster’s bank account. The school district remains unaware until it receives past due notices from the legitimate vendor.

KDE would like to recommend all districts review their accounts payable policies and procedures to determine if they are enough to safeguard against this threat. Additionally, procedures to mitigate this threat include, but not limited to the suggestions below.

* independently verifying any changes through trusted phone numbers of the vendor.
* requiring vendors to receive payment through traditional checks.
* not accepting changes to payment information over email or the phone.
* establishing forms vendors must sign and submit to verify or modify payment information.
* confirming receipt of payment with the vendor through trusted means of communication.

## ****Finance Officer Spotlight****

Shaunna Cornwell has been Director of Finance for the Bowling Green Independent School District since November 2020 and oversees payroll, accounts payable, grants management, budget preparation and review, and ensures financial compliance with both state and federal regulations. Cornwell’s ultimate priorities include transparent financial accounting, reporting, and providing collaborative support to the district’s educators and students. The work from her department allows schools the opportunity to invest in students in the most efficient and cost-effective means possible.

Prior to working for Bowling Green Independent, Cornwell worked seven years as finance director for the City of Franklin, Kentucky, and prior to that, served as the internal auditor for the Warren County Board of Education. She also has experience as a financial statement auditor, working five years for Ernst & Young, LLC and Holland CPAs (now Carr, Riggs & Ingram).

Cornwell is a native of Franklin, Kentucky and holds a bachelor’s degree in accounting from Western Kentucky University. She has been a certified public accountant since 2007.

She and her husband, Michael, have two children; Dylan (12) and Harper (10), and two dogs named Millie and Fred. Millie’s claim to fame is her work as an Accelerant Detection Canine (the cuddliest detective ever) for the Bowling Green Fire Department.