

West Carroll SSD

Policies and Procedures

Administration of Federal Education Programs

Aligned with the Requirements of the

New Uniform Grants Guidance

July 1, 2015

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I. Introduction

This manual sets forth the policies and procedures used by **West Carroll Special School District** to administer federal funds. The manual contains the internal controls and grant management standards used by the District to ensure that all federal funds are lawfully expended. It describes in detail the District's financial management system, including cash management procedures, procurement policies, inventory management protocols, procedures for determining the allowability of expenditures, time and effort reporting, record retention, and sub-recipient monitoring responsibilities.

New employees of the District, as well as incumbent employees, are expected to review this manual to gain familiarity and understanding of the District's rules and practices. Anyone with question regarding the administration of federal education grants, including questions related to specific federal grant programs, should contact the applicable program office at the Tennessee Department of Education (TDOE).

II. Financial Management System

The District maintains a proper financial management system for receipt and administration of direct and state-administered grants and to expend funds associated with a grant award. Certain fiscal controls and procedures must be in place to ensure that all financial management system requirements are met. Failure to meet a requirement may result in return of funds or termination of the award.

A. Financial Management Standards

The standards for financial management systems are found at 2 C.F.R. § 200.302. The required standards include:

Identification

The District must identify in its accounts all federal awards received and expended and the federal programs under which they were received. Federal program and award identification must include, as applicable, the CFDA title and number, federal award identification number and year, name of the federal agency, and, if applicable, name of the pass-through entity.

West Carroll uses the state department of education and/or Local Government Accounting Program system for assigning the CFDA title and number, federal award identification number and year, name of the federal agency, and, if applicable, name of the pass-through entity. If any accounts do not have this information assigned by the state department of education and/or Local Government Accounting Program, then the accounts payable department will assign the information with input from the Director of Schools and the state department of education fiscal consultant.

Financial Reporting

Accurate, current, and complete disclosure of the financial results of each federal award or programs must be made in accordance with the financial reporting requirements set forth in the Education Department General Administrative Regulations (EDGAR).

See West Carroll Board Policy Manual- Policy#2.701 Financial Reports and Records at wcssd.org

Accounting Records

The District must maintain records which adequately identify the source and application of funds provided for federally-assisted activities. These records must contain information pertaining to grant or subgrant awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation.

See West Carroll Board Policy Manual-Policy #2.700 Accounting System and #2.701 Financial Reports and Records at wcssd.org.

Internal Controls

Effective control and accountability must be maintained for all funds, real and personal property, and other assets. The District must adequately safeguard all such property and must assure that it is used solely for authorized purposes.

“Internal controls” are tools to help program and financial managers achieve results and safeguard the integrity of their program. Internal controls should be designed to provide reasonable assurance that the following objectives are achieved. These include:

- Effectiveness and efficiency of operations;
- Adequate safeguarding of property;
- Assurance property and money is spent in accordance with grant program and to further the Selected objectives; and
- Compliance with applicable laws and regulations.

See West Carroll Board Policy Manual-Policy #2.100 Fiscal Management Goals and Objectives, 2.702 Inventory, and 2.703 Audits at wcssd.org.

See West Carroll Fiscal Procedures at wcssd.org. Click district office then administrative procedures, fiscal administrative procedures, federal projects equipment control.

Budget Control

Actual expenditures or outlays must be compared with budgeted amounts for each federal award.

See the following West Carroll Board Policies at wcssd.org in Fiscal Management Section.

- 2.800 Expenditure of Funds
- 2.805 Purchasing
- 2.807 Requisitions
- 2.808 Purchase Order
- 2.810 Payment Procedure

See also Federal Projects Written Procurement Procedures at wcssd.org. Click district office then administrative procedures, fiscal administrative procedures, federal projects written procurement procedures.

Cash Management

The District must maintain written procedures to implement the cash management requirements found in EDGAR.

See the following West Carroll Board Policies at wcssd.org in Fiscal Management Section

- 2.800 Expenditure of Funds
- 2.805 Purchasing
- 2.807 Requisitions
- 2.808 Purchase Order
- 2.810 Payment Procedure

See also Federal Projects Written Procurement Procedures at wcssd.org. Click district office then administrative procedures, fiscal administrative procedures, federal projects written procurement procedures.

Allowable Costs

The District must maintain written procedures for determining allowability of costs in accordance with EDGAR.

See the following West Carroll Board Policies at wcssd.org in Fiscal Management Section

- 2.805 Purchasing

B. Overview of the Financial Management/Accounting System

West Carroll uses Local Government Corporation for its financial and accounting system. Presently the system does not interface with the procurement and inventory systems. Once the budgets have been approved by the Tennessee Department of Education and the West Carroll Board of Education, they are loaded onto the system by the accounting department. The Director of Schools, accounting department, and federal programs directors are responsible for managing budgets through tracking CFDA titles and numbers, federal identification number and year, name of the federal agency, and, if applicable, name of the pass-through entity.

The accounting department provides timely and accurate financial reports to the director of schools and federal grant directors monthly. The reports include cumulative expenses, project budgets and a balance remaining column.

C. Budgeting

The Planning Phase: Meetings and Discussions

Before Receiving the Grant Award Letter: Prior to receiving the grant award letter, project directors review the previous year's project activities with school leadership teams during Spring prior to new school year. These teams include representatives from all district stakeholders. Team members review projects then determine if any changes need to be made based on the review. The project director assigns funds to account codes and creates the preliminary budget. This budget is then amended to include any carryover funds and final allocation amounts. The project director also reviews grant objectives, reporting requirements, responsibilities and special conditions. Areas of individual responsibility are defined in the organizational chart found in the appendix. The Title I budget is then submitted to principals of Title I schools for review and approval. Principals may seek input from school leadership teams in identifying school level needs.

Reviewing and Approving the Budget: By May prior to the new budget year, the Federal Projects director, Title I Director, Child Nutrition Director, CTE Director and IDEA Director with input from the Director of Schools review the items in their individual budget to ensure allowability. Since West Carroll is a small district this step is also the step for final approval. The budgets are loaded into ePlan, the state department of education site for grant approval. Any necessary corrections requested by the state department of education to individual budgets, if applicable, are made by the respective director, Federal Projects Director, Title I director, CTE Director, Child Nutrition Director, or IDEA Director. Once budgets are approved in ePlan, if applicable, they are submitted to the West Carroll Board of Education for approval by the end of June before the new fiscal year begins on July 1.

After local board approval, the budget is entered into Local Government, the district accounting system, by the accounting department. This is completed no later than July 15.

After receiving the grant award letter

After receiving the grant award letter, the project is implemented as written. If the grant award letter is changed or different from the original grant award or if other changes are needed to the original grant budget, the respective director of the project approves the changes after reviewing them with the Director of Schools.

Amending the Budget

The Federal Projects Director, Title I Director, IDEA Director, Child Nutrition Director, and CTE Director make any necessary budget amendments. All budget amendments are approved by the state department of education, if applicable, and the local school board by the end of the fiscal year June 30.

Budget Control

The District monitors its financial performance by comparing and analyzing actual results with budgeted results. Each month the accounting department provides each director of the respective federal program a copy of the Expenditures and Encumbrances Report from the Local Government Accounting Program. This report provides budget amounts, expenditures, and the unencumbered balance. Directors review these amounts for accuracy. If errors are found, transfers are made by the accounting department to correct errors as instructed by the director of the respective federal program. If it is determined that the amount budgeted in any account is insufficient to cover costs needed, then plans to amend the budget are started by the director of the program.

D. Accounting Records

Accounting records are kept by the accounting department electronically and paper copies as required by the State of Tennessee Department of Education Finance Section. West Carroll uses the accounts and their definitions as describe in the State of Tennessee Department of Education Standardized System of Accounting and Reporting Manual found here: http://tn.gov/assets/entities/education/attachments/loc_fin_system_manual.pdf. The

accounting department is responsible for maintaining accounting records that are reviewed and approved by the director of schools and the respective federal project directors. Journal entries are made by the system bookkeeper in the accounting department. Recurring journal entries include payroll accounts that are entered by the human resources department. The chart of accounts used by West Carroll is available in the manual mentioned above. Below is the account numbers for federal programs:

142(Beginning Sequence)-Federal Projects

Ending Sequence

Title I-101

Title IIA-201

Title VI-601

Carl Perkins-801

IDEA Discretionary-891

IDEA Part B-901

IDEA Pre-school-911

143(Beginning Sequence)-Child Nutrition

D. Spending Grant Funds

See board policy 2.805 purchasing at wcssd.org.

While developing and reviewing the grant budget, the respective federal projects director should keep in mind the difference between direct costs and indirect costs.

Direct and Indirect Costs Defined

Determining Whether a Cost is Direct or Indirect: Direct costs are those costs that can be identified specifically with a particular final cost objective, such as a federal award, or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy. 2 C.F.R. § 200.413(a). Indirect costs are those that have been incurred for a common or joint purpose benefitting more than one cost objective, and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved. 2 C.F.R. § 200.56. Costs incurred for the same

purpose in like circumstances must be treated consistently as either direct or indirect costs. 2 C.F.R. § 200.413(a).

Identification with the federal award rather than the nature of the goods and services involved is the determining factor in distinguishing direct from indirect costs of Federal awards. Typical costs charged directly to a Federal award are the compensation of employees who work on that award, their related fringe benefit costs, the costs of materials and other items of expense incurred for the Federal award. 2 C.F.R. § 200.413(b). The salaries of administrative and clerical staff should normally be treated as indirect costs. Direct charging of these costs may be appropriate only if all of the following conditions are met:

- Administrative or clerical services are integral to a project or activity;
- Individuals involved can be specifically identified with the project or activity;
- Such costs are explicitly included in the budget or have the prior written approval of the federal awarding agency; and
- The costs are not also recovered as indirect costs. 2 C.F.R. § 200.413(c).

Indirect Cost Rate: TDOE approves indirect cost rates for one year. In January preceding the new fiscal year that begins in July, the Northwest state fiscal consultant completes the documents used by the state department of education to determine indirect cost rate. This document is submitted to the state fiscal department who determines the indirect cost using the submitted information. See the state department of education form, *Non-restricted and restricted Indirect Cost Plan*, for items included at this website:

https://www.tn.gov/assets/entities/education/attachments/loc_fin_indirect_cost_manual.pdf

The Indirect cost rate for West Carroll for the 2016 fiscal year is 17.98%-non-restricted programs and 4.34% for restricted programs.

Applying the Indirect Cost Rate: Once the District has an approved indirect cost rate, the percentage is multiplied against the actual direct costs (excluding distorting items such as equipment, contracts in excess of \$25,000, pass-through funds, etc.) incurred under a particular grant to produce the dollar amount of indirect costs allowable to that award. 34 C.F.R § 75.564; 34 C.F.R. § 76.569. Once the District applies the approved rate, the funds that may be claimed for indirect costs have no federal accountability and may be used as if they were non-federal funds. For Direct Grants, reimbursement of indirect costs is subject to the availability of funds and statutory or administrative restrictions. 34 C.F.R. § 75.564.

Where a federal program has a specific cap on the percentage of administrative costs that may be charged to a grant, that cap must include all direct administrative charges as well as any recovered indirect charges.

Determining Allowability of Costs

Expenditures must be aligned with approved budgeted items. Any changes or variations from the state-approved budget and grant application need prior approval from the state.

When determining how the District will spend its grant funds, federal project directors will review the proposed cost to determine whether it is an allowable use of federal grant funds *before* obligating and spending those funds on the proposed good or service. All costs supported by federal education funds must meet the standards outlined in EDGAR, 2 C.F.R. § 200.403, which are provided in the bulleted list below. Federal project directors must consider these factors when making an allowability determination.

- **Be Necessary and Reasonable for the performance of the federal award.** District staff must consider these elements when determining the reasonableness of a cost. A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision to incur the cost was made. For example, reasonable means that sound business practices were followed, and purchases were comparable to market prices.

When determining reasonableness of a cost, consideration must be given to:

- Whether the cost is a type generally recognized as ordinary and necessary for the operation of the District or the proper and efficient performance of the federal award.
- The restraints or requirements imposed by factors, such as: sound business practices; arm's-length bargaining; federal, state and other laws and regulations; and terms and conditions of the federal award.
- Market prices for comparable goods or services for the geographic area.
- Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the District, its employees, its students, the public at large, and the federal government.
- Whether the district significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the federal award's cost. 2 C.F.R. § 200.404

While 2 C.F.R. § 200.404 does not provide specific descriptions of what satisfies the "necessary" element beyond its inclusion in the reasonableness analysis above, necessary is determined based on the needs of the program. Specifically, the expenditure must be necessary to achieve an important program objective. A key aspect in determining whether a cost is necessary is whether the district can demonstrate that the cost addresses an existing need, and can prove it. For example, the district may

deem a language skills software program necessary for a limited English proficiency program.

When determining whether a cost is necessary, consideration may be given to:

- Whether the cost is needed for the proper and efficient performance of the grant program.
 - Whether the cost is identified in the approved budget or application.
 - Whether there is an educational benefit associated with the cost.
 - Whether the cost aligns with identified needs based on results and findings from a needs assessment.
 - Whether the cost addresses program goals and objectives and is based on program data.
- **Allocable to the federal award.** A cost is allocable to the federal award if the goods or services involved are chargeable or assignable to the federal award in accordance with the relative benefit received. This means that the federal grant program derived a benefit in proportion to the funds charged to the program. 2 C.F.R. § 200.405. For example, if 50% of a teacher's salary is paid with grant funds, then that teacher must spend at least 50% of his or her time on the grant program.
 - **Consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the District.**
 - **Conform to any limitations or exclusions set forth as cost principles in Part 200 or in the terms and conditions of the federal award.**
 - **Consistent treatment.** A cost cannot be assigned to a federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been assigned as an indirect cost under another award.
 - **Adequately documented.** All expenditures must be properly documented.
 - **Be determined in accordance with general accepted accounting principles (GAAP), unless provided otherwise in Part 200.**
 - **Not included as a match or cost-share, unless the specific federal program authorizes federal costs to be treated as such.** Some federal program statutes require the non-federal entity to contribute a certain amount of non-federal resources to be eligible for the federal program.
 - **Be the net of all applicable credits.** The term "applicable credits" refers to those receipts or reduction of expenditures that operate to offset or reduce expense items allocable to the federal award. Typical examples of such transactions are: purchase

discounts; rebates or allowances; recoveries or indemnities on losses; and adjustments of overpayments or erroneous charges. To the extent that such credits accruing to or received by the state relate to the federal award, they shall be credited to the federal award, either as a cost reduction or a cash refund, as appropriate. 2 C.F.R. § 200.406.

Part 200's cost guidelines must be considered when federal grant funds are expended. As provided above, federal rules require state- and District-level requirements and policies regarding expenditures to be followed as well. For example, state and/or District policies relating to travel or equipment may be narrower than the federal rules, and the stricter State and/or District policies must be followed. Further, certain types of incentives are allowable under federal law, but are not allowable under State law.

Selected Items of Cost

Part 200 examines the allowability of 55 specific cost items (commonly referred to as Selected Items of Cost) at 2 C.F.R. §§ 200.420-200.475. These cost items are listed in the chart below along with the citation where it is discussed whether the item is allowable. Please do not assume that an item is allowable because it is specifically listed in the regulation as it may be unallowable despite its inclusion in the selected items of cost section. The expenditure may be unallowable for a number of reasons, including: the express language of the regulation states the item is unallowable; the terms and conditions of the grant deem the item unallowable; or State/local restrictions dictate that the item is unallowable. The item may also be unallowable because it does not meet one of the cost principles, such as being reasonable because it is considered too expensive. If an item is unallowable for any of these reasons, federal funds cannot be used to purchase it.

District personnel responsible for spending federal grant funds and for determining allowability must be familiar with the Part 200 selected items of cost section. The District must follow these rules when charging these specific expenditures to a federal grant. When applicable, District staff must check costs against the selected items of cost requirements to ensure the cost is allowable. In addition, State, District and program-specific rules may deem a cost as unallowable and District personnel must follow those non-federal rules as well.

The selected item of cost addressed in Part 200 includes the following (in alphabetical order):

| Item of Cost | Citation of Allowability Rule |
|--|--------------------------------------|
| Advertising and public relations costs | 2 C.F.R. § 200.421 |
| Advisory councils | 2 C.F.R. § 200.422 |
| Alcoholic beverages | 2 C.F.R. § 200.423 |
| Alumni/ae activities | 2 C.F.R. § 200.424 |
| Audit services | 2 C.F.R. § 200.425 |

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| Bad debts | 2 C.F.R. § 200.426 |
| Bonding costs | 2 C.F.R. § 200.427 |
| Collection of improper payments | 2 C.F.R. § 200.428 |
| Commencement and convocation costs | 2 C.F.R. § 200.429 |
| Compensation – personal services | 2 C.F.R. § 200.430 |
| Compensation – fringe benefits | 2 C.F.R. § 200.431 |
| Conferences | 2 C.F.R. § 200.432 |
| Contingency provisions | 2 C.F.R. § 200.433 |
| Contributions and donations | 2 C.F.R. § 200.434 |
| Defense and prosecution of criminal and civil proceedings, claims, appeals and patent infringements | 2 C.F.R. § 200.435 |
| Depreciation | 2 C.F.R. § 200.436 |
| Employee health and welfare costs | 2 C.F.R. § 200.437 |
| Entertainment costs | 2 C.F.R. § 200.438 |
| Equipment and other capital expenditures | 2 C.F.R. § 200.439 |
| Exchange rates | 2 C.F.R. § 200.440 |
| Fines, penalties, damages and other settlements | 2 C.F.R. § 200.441 |
| Fund raising and investment management costs | 2 C.F.R. § 200.442 |
| Gains and losses on disposition of depreciable assets | 2 C.F.R. § 200.443 |
| General costs of government | 2 C.F.R. § 200.444 |
| Goods and services for personal use | 2 C.F.R. § 200.445 |
| Idle facilities and idle capacity | 2 C.F.R. § 200.446 |
| Insurance and indemnification | 2 C.F.R. § 200.447 |
| Intellectual property | 2 C.F.R. § 200.448 |
| Interest | 2 C.F.R. § 200.449 |
| Lobbying | 2 C.F.R. § 200.450 |
| Losses on other awards or contracts | 2 C.F.R. § 200.451 |
| Maintenance and repair costs | 2 C.F.R. § 200.452 |
| Materials and supplies costs, including costs of computing devices | 2 C.F.R. § 200.453 |
| Memberships, subscriptions, and professional activity costs | 2 C.F.R. § 200.454 |
| Organization costs | 2 C.F.R. § 200.455 |
| Participant support costs | 2 C.F.R. § 200.456 |
| Plant and security costs | 2 C.F.R. § 200.457 |
| Pre-award costs | 2 C.F.R. § 200.458 |
| Professional services costs | 2 C.F.R. § 200.459 |
| Proposal costs | 2 C.F.R. § 200.460 |
| Publication and printing costs | 2 C.F.R. § 200.461 |

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| Rearrangement and reconversion costs | 2 C.F.R. § 200.462 |
| Recruiting costs | 2 C.F.R. § 200.463 |
| Relocation costs of employees | 2 C.F.R. § 200.464 |
| Rental costs of real property and equipment | 2 C.F.R. § 200.465 |
| Scholarships and student aid costs | 2 C.F.R. § 200.466 |
| Selling and marketing costs | 2 C.F.R. § 200.467 |
| Specialized service facilities | 2 C.F.R. § 200.468 |
| Student activity costs | 2 C.F.R. § 200.469 |
| Taxes (including Value Added Tax) | 2 C.F.R. § 200.470 |
| Termination costs | 2 C.F.R. § 200.471 |
| Training and education costs | 2 C.F.R. § 200.472 |
| Transportation costs | 2 C.F.R. § 200.473 |
| Travel costs | 2 C.F.R. § 200.474 |
| Trustees | 2 C.F.R. § 200.475 |

Likewise, it is possible for the State and/or District to put additional requirements on a specific item of cost. Under such circumstances, the stricter requirements must be met for a cost to be allowable. Accordingly, employees must consult federal, State and District requirements when spending federal funds. For example, often the State’s travel rules are more restrictive than federal rules; therefore, the State’s policies must be followed.

In order for a cost to be allowable, the expenditure must also be allowable under the applicable program statute (e.g., Title I of the Elementary and Secondary Education Act (ESEA), or the Carl D. Perkins Career and Technical Education Act (Perkins)), along with accompanying program regulations, non-regulatory guidance and grant award notifications.

The state and/or District rules related to some specific cost items are discussed below. District employees must be aware of these State and District rules and ensure they are complying with these requirements.

Frequent Types of Costs

Travel: Travel costs are the expenses for transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of a grant recipient. Such costs may be charged on an actual cost basis, on a per diem or mileage basis in lieu of actual costs incurred, or on a combination of the two, provided the method used is applied to an entire trip and not selected days of the trip and results in charges consistent with those normally allowed in like circumstances in the recipient’s non-federally funded activities and in accordance with the recipient’s written travel reimbursement policies. 2 C.F.R § 200.474(a).

Costs incurred by employees and officers for travel, including costs of lodging, other subsistence, and incidental expenses, must be considered reasonable and otherwise allowable only to the extent such costs do not exceed charges normally allowed by the District in its regular operations as the result of its written travel policy. In addition, if these costs are charged directly to the federal award, documentation must be maintained that justifies that (1) participation of the individual is necessary to the federal award; and (2) the costs are reasonable and consistent with the District's established policy. 2 C.F.R § 200.474(b).

See West Carroll Board Policy 2.804 Reimbursements at wcssd.org and West Carroll cost procedures information in the district office section then administrative procedures-travel and expense reimbursement procedures.

Helpful Questions for Determining Whether a Cost is Allowable

In addition to the cost principles and standards described above, federal projects directors can refer to this section for a useful framework when performing an allowability analysis. In order to determine whether federal funds may be used to purchase a specific cost, it is helpful to ask the following questions:

- Is the proposed cost allowable under the relevant program?
- Is the proposed cost consistent with an approved program plan and budget?
- Is the proposed cost consistent with program specific fiscal rules?
 - For example, the District may be required to use federal funds only to supplement the amount of funds available from nonfederal (and possibly other federal) sources.
- Is the proposed cost consistent with EDGAR?
- Is the proposed cost consistent with specific conditions imposed on the grant (if applicable)?

As a practical matter, federal projects directors should also consider whether the proposed cost is consistent with the underlying needs of the program. For example, program funds must benefit the appropriate population of students for which they are allocated. This means that, for instance, funds allocated under Title III of the Elementary and Secondary Education Act (ESEA) governing language instruction programs for limited English proficient (LEP) students must only be spent on LEP students and cannot be used to benefit non-LEP students.

Also, funds should be targeted to address areas of weakness, as necessary. To make this determination, federal projects directors should review data when making purchases to ensure that federal funds to meet these areas of concern.

E. Federal Cash Management Policy/Procedures

The District will comply with applicable methods and procedures for payment that minimize the time elapsing between the transfer of funds and disbursement by the District, in accordance with the Cash Management Improvement Act at 31 C.F.R. Part 205. Generally, the District receives payment from the TDOE on a reimbursement basis. 2 C.F.R. § 200.305. However, if the District receives an advance in federal grant funds, the District will remit interest earned on the advanced payment quarterly to the federal agency. The District may retain interest amounts up to \$500 per year for administrative expenses. 2 C.F.R. § 200.305(b)(9).

According to guidance from the U.S. Department of Education (ED), when calculating the interest earned on ED grant funds, in any situation where the State draws from the G5 system in advance of the District using non-federal funds to pay vendors and/or employees, the only events and dates that are relevant are: 1) the date on which the federal grant funds are drawn down by the State; and 2) the date on which those funds are disbursed by the District. Any interest earned on those funds while on-deposit in the District's bank account after drawdown and before disbursement must be included in the interest earned calculation.

Payment Methods

Reimbursements: All reimbursements are based on actual disbursements, not on obligations. The District may initially charge federal grant expenditures to nonfederal funds.

The District Bookkeeper will request reimbursement for actual expenditures incurred under the federal grants **at least monthly**. Reimbursement requests will be submitted via ePlan. All reimbursements are based on actual disbursements, not on obligations.

Consistent with state and federal requirements, the District will maintain source documentation supporting the federal expenditures. Documentation may include purchase orders, invoices, time sheets, payroll stubs, etc. and will make such documentation available for the TDOE review upon request.

Reimbursements of actual expenditures do not require interest calculations.

Advances: West Carroll does not request advance payments of federal grants but request funds on a reimbursement basis. To the extent the District receives advance payments of federal grant funds, the District will strive to expend the federal funds on allowable expenditures within 72 hours of receipt. The District will hold federal advance payments in interest-bearing accounts, unless an allowable exception applies. The District will calculate interest earned on cash balances after 72 hours of receipt of advance payments.

Since funds are not requested in advance, the district does not receive interest on federal funds. However if the district does collect interest, the District may retain up to \$500 of interest earned per year. Within 30 days of the end of the quarter, the District will remit interest earned

on U.S. Department of Education grants in excess of \$500 to Department of Health and Human Services Payment Management System, Rockville, MD 20852.

F. Timely Obligation of Funds

When Obligations are Made

Obligations are orders placed for property and services, contracts and subawards made, and similar transactions during a given period that require payment by the non-Federal entity during the same or a future period. 34 C.F.R. § 200.71

The following table illustrates when funds are determined to be obligated under federal regulations:

| If the obligation is for: | The obligation is made: |
|---|---|
| Acquisition of property | On the date which the District makes a binding written commitment to acquire the property |
| Personal services by an employee of the District | When the services are performed |
| Personal services by a contractor who is not an employee of the District | On the date which the District makes a binding written commitment to obtain the services |
| Public utility services | When the District receives the services |
| Travel | When the travel is taken |
| Rental of property | When the District uses the property |
| A pre-agreement cost that was properly approved by the Secretary under the cost principles in 2 C.F.R. part 200, Subpart E-Cost Principles. | On the first day of the project period. |

34 C.F.R. § 75.707; 34 C.F.R. § 76.707.

Period of Availability of Federal Funds

All obligations must occur on or between the beginning and ending dates of the grant project. 34 C.F.R. § 76.707. This period of time is known as the period of availability. The period of availability is dictated by statute and will be indicated in the grant award letter. Further, certain grants have specific requirements for carryover funds that must be adhered to.

State-Administered Grants: As a general rule, state-administered federal funds are available for obligation within the year that Congress appropriates the funds for. However, given the unique nature of educational institutions, for many federal education grants, the period of availability

is 27 months. Federal education grant funds are typically awarded on July 1 of each year. While the District will always plan to spend all current grant funds within the year the grant was appropriated for, the period of obligation for any grant that is covered by the “Tydings Amendment” is 27 months, extending from July 1 of the fiscal year for which the funds were appropriated through September 30 of the second following fiscal year. This maximum period includes a 15-month period of initial availability, plus a 12-month period for carryover. 34 C.F.R. § 76.709. For example, funds awarded on July 1, 2015 would remain available for obligation through September 30, 2017.

Direct Grants: In general, the period of availability for funds authorized under direct grants is identified in the grant award letter.

For both state-administered and direct grants, regardless of the period of availability, the District must liquidate all obligations incurred under the award not later than 90 days after the end of the funding period unless an extension is authorized. 2 C.F.R. § 200.343(b). Any funds not obligated within the period of availability or liquidated within the appropriate timeframe are said to lapse and must be returned to the awarding agency. 2 C.F.R. § 200.343(d). Consequently, the District closely monitors grant spending throughout the grant cycle.

Carryover

State-Administered Grants: As described above, the Tydings Amendment extends the period of availability for applicable state-administered program funds. Essentially, it permits recipients to “carryover” any funds left over at the end of the initial 15 month period into the next year. These leftover funds are typically referred to as carryover funds and continue to be available for obligation for an additional 12 months. 34 C.F.R. § 76.709. Accordingly, the District may have multiple years of grant funds available under the same program at the same time.

The District’s Final Expenditure Report (FER) is reconciled and submitted to TDOE via ePlan. Any carryover funds are automatically transferred to the current grant application to be budgeted prior to expending. For programs with carryover limitations (i.e. ESEA Title I, Title III) a carryover waiver request letter will be submitted to TDOE when the carryover exceeds the cap.

Direct Grants: Grantees receiving direct federal grants are not covered by the 12 month Tydings period, i.e. ESEA-Title VI, SRSA. However, under 2 C.F.R. § 200.308, direct grantees enjoy unique authority to expand the period of availability of federal funds. The District is authorized to extend a direct grant automatically for one 12-month period. Prior approval is not required in these circumstances; however, in order to obtain this extension, the District must provide written notice to the federal awarding agency at least 10 calendar days before the end of the period of performance specified in the award. This one-time extension may not be exercised merely for the purpose of using unobligated balances.

The District will seek prior approval from the federal agency when the extension will not be contrary to federal statute, regulation or grant conditions and:

- The terms and conditions of the Federal award prohibit the extension;
- The extension requires additional Federal funds; or
- The extension involves any change in the approved objectives or scope of the project. 2 C.F.R. § 200.308(d)(2).

West Carroll seldom receives federal grants directly. However, when it does, all decisions regarding requesting extension of grants will be made by the Grants Administrator using state administrative guidelines with approval from the Director of Schools.

G. Program Income

Definition

Program income means gross income earned by a grant recipient that is directly generated by a supported activity or earned as a result of the federal award during the grant's period of performance. 2 C.F.R. § 200.80.

Program income includes, but is not limited to, income from fees for services performed, the use or rental of real or personal property acquired under federal awards, the sale of commodities or items fabricated under a federal award, license fees and royalties on patents and copyrights, and principal and interest on loans made with federal award funds. Interest earned on advances of federal funds is not program income. Except as otherwise provided in federal statutes, regulations, or the terms and conditions of the federal award, program income does not include rebates, credits, discounts, and interest earned on any of them. 2 C.F.R. § 200.80. Additionally, taxes, special assessments, levies, fines, and other such revenues raised by a recipient are not program income unless the revenues are specifically identified in the federal award or federal awarding agency regulations as program income. Finally, proceeds from the sale of real property, equipment, or supplies are not program income. 2 C.F.R. § 200.307.

Use of Program Income

The default method for the use of program income for the District is the deduction method. 2 C.F.R. § 200.307(e). Under the deduction method, program income is deducted from total allowable costs to determine the net allowable costs. Program income will only be used for current costs unless the District is otherwise directed by the federal awarding agency or pass-through entity. 2 C.F.R. § 200.307(e)(1). The LEA may also request prior approval from the federal awarding agency to use the addition method. Under the addition method, program income may be added to the Federal award by the Federal agency and the non-Federal entity.

The program income must then be used for the purposes and under the conditions of the Federal award. 2 C.F.R. § 200.307(e)(2).

While the deduction method is the default method, the District always refers to the grant award letter prior to determining the appropriate use of program income.

No federal projects at West Carroll produce income. State guidelines will be followed in the case a project does produce income. In such a case, the respective federal projects director becomes responsible for the income.

III. Procurement System

The District maintains the following purchasing procedures.

A. Responsibility for Purchasing

Authority for initiating purchases is held by the federal projects directors, child nutritionist, and technology coordinator with final approval given by the director of schools. Final determination on any proposed purchase is made by the respective directors with approval from the director of schools.

B. Purchase Methods

The type of purchase procedures required depends on the cost of the item(s) being purchased.

Note, if state or local procurement policy is more restrictive than the federal purchase methods below, districts must always follow the most restrictive policy.

Purchases up to \$10,000

Tennessee Code Annotated (T.C.A.) allows a district to choose to follow the prescribed purchasing procedures of the district's local governing body, or to develop its own policies and procedures and purchase all supplies, furniture, fixtures, and material of every kind through the executive committee.

T.C.A. § 49-2-203(a)(3)(B) states, "If the LEA chooses not to follow the local governing body's purchasing procedures, all purchases of less than ten thousand dollars (\$10,000) may be made in the open market without newspaper notice, but shall, whenever possible, be based upon at least three (3) competitive bids."

- Procurement Documents
 - A pre-number purchase order must be completed before any purchases are made. The purchase order is generated by the bookkeeper, respective federal projects director, child nutrition director, or technology coordinator. The purchase orders are located in the bookkeeper's office and the above mentioned people have access to the documents. Purchase orders must be signed out and logged by the person generating the purchase order.
 - The following information must be included on the purchase order:
 - A description of the services to be performed or goods to be delivered;
 - A location where the services are to be performed or goods to be delivered
 - Appropriation account name and number
 - Quantity, unit price, extended cost and purchase total
 - Signature of responsible project director

- After the purchase is made, the purchase order is kept by the purchaser until the product is delivered and verified by the purchaser. Then the purchase order with the proof of purchase such as a packing slip is submitted to the bookkeeper who matches the purchase orders to invoices received. The packing slip, if available, along with the invoice is kept with the purchase order.
- Responsibilities
 - Federal Projects Directors, Child Nutritionist, Technology Coordinator and Bookkeeper obtain, approve, and fill out purchase orders with the director of schools additional approval.
 - Federal Projects Directors, Child Nutritionist, and Technology Coordinator write and approve contracts with the director of schools additional approval.
- Required Number and Types of Quotations

See West Carroll Board Policy 2.806 Bids and Quotations at wcssd.org for the number of required bids and the purchase threshold. Bids are written and submitted in a sealed envelope to the district office. Bids must be received and approved before a purchase order, requisition, or contract is made. The director of schools and respective program manager is responsible for collecting the bids.

Purchases over \$10,000

Tennessee Code Annotated (T.C.A.) allows a district to choose to follow the prescribed purchasing procedures of the district's local governing body, or to develop its own policies and procedures and purchase all supplies, furniture, fixtures, and material of every kind through the executive committee.

Regarding purchases estimated to exceed ten thousand dollars (\$10,000), T.C.A. § 49-2-203(a)(3)(A) states "All expenditures for such purposes may follow the prescribed procedures of the LEA's respective local governing body, so long as that body, through its charter, private act or ordinance has established a procurement procedure that provides for advertisement and competitive bidding, except that, if a newspaper advertisement is required, it may be waived in case of emergency. If the LEA chooses not to follow the local governing body's purchasing procedures, all expenditures for such purposes estimated to exceed ten thousand dollars (\$10,000) or more shall be made on competitive bids, which shall be solicited by advertisement in a newspaper of general circulation in the county, except that the newspaper advertisement may be waived in the event of an emergency. School districts that have a purchasing division may use a comprehensive vendor list for the purpose of soliciting competitive bids; provided, further, that the purchasing division shall periodically advertise in a newspaper of general circulation in the county for vendors and shall update the list of vendors following the advertisement."

Regarding purchases less than ten thousand dollars (\$10,000) T.C.A. § 49-2-203(a)(3)(B) states “If the LEA chooses not to follow the local governing body’s purchasing procedures, all purchases of less than ten thousand dollars (\$10,000) may be made in the open market without newspaper notice, but shall, whenever possible, be based upon at least three (3) competitive bids.”

- Procurement Documents
 - A pre-number purchase order must be completed before any purchases are made. The purchase order is generated by the bookkeeper, respective federal projects director, child nutrition director, or technology coordinator. The purchase orders are located in the bookkeeper’s office and the above mentioned people have access to the documents. Purchase orders must be signed out and logged by the person generating the purchase order.
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Competitive Proposals: The technique of competitive proposals is normally conducted with more than one source submitting an offer, and either a fixed price or cost-reimbursement type contract is awarded. It is generally used when conditions are not appropriate for the use of sealed bids. If this method is used, the following requirements apply:

- Requests for proposals must be publicized and identify all evaluation factors and their relative importance. Any response to publicized requests for proposals must be considered to the maximum extent practical;
- Proposals must be solicited from an adequate number of qualified sources; and
- Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered.
- Technical Evaluation of Proposals: West Carroll SSD uses the following procedure for the technical evaluation of all competitive proposals.
 - The Project Director reviews the list of bidders and rejects any bids submitted by a firm appearing on the disbarment list or any bid not received by an advertised deadline.
 - The Project Director will open sealed bids, assisted by a project director from another department, the Federal Programs bookkeeper, or the Director of Schools.
 - The Project Director will compare each submitted bid to ensure that it meets published specifications. The Project Director may engage other district employees who possess specific skills to assist in the review of fidelity in regard to advertised specifications.
 - The Project Director will complete a cost analysis of the submitted bids.
 - The Project Director will determine the best cost bid as evidenced by reasons relative to the purpose of the purchase.
 - The Project Director will review all bids with the Director of Schools and recommend a purchase based on the best cost option, or the Project Director may recommend rejection of all bids.
 - Upon selection of the best bid, the Director of Schools will submit to the Board of Education all bids along with a recommendation to purchase or reject all bids.
 - The Board of Education reviews and discusses bids during a public meeting. The Board may accept the recommendation of the Director of Schools, accept a bid other than the Director's recommendation, or take no action.
 - Upon receipt of items purchased, the Project Director will inspect all items to ensure that materials are undamaged and received as represented in bid materials. Installations, repairs, and other intangible services will be reviewed to ensure that all work has been done as agreed, contracted, or specified in bid documents. The Project Director may engage other district employees who possess specific skills to assist in the review of fidelity in regard to the completion of work. In some cases, the Project Director may employ consultants to assist in such a review.
 - The Project Director authorizes payment for goods and services.

- Procurement Documents
 - A pre-number purchase order must be completed before any purchases are made. The purchase order is generated by the bookkeeper, respective federal projects director, child nutrition director, or technology coordinator. The purchase orders are located in the bookkeeper's office and the above mentioned people have access to the documents. Purchase orders must be signed out and logged by the person generating the purchase order.
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 - Federal Projects Directors, Child Nutritionist, and Technology Coordinator write and approve contracts with the director of schools additional approval.
- Required Number and Types of Quotations

See West Carroll Board Policy 2.806 Bids and Quotations at wcssd.org for the number of required bids and the purchase threshold. Bids are written and submitted in a sealed envelope to the district office. Bids must be received and approved before a purchase order, requisition, or contract is made. The director of schools and respective program manager is responsible for collecting the bids.

Architectural/Engineering Professional Services: The District may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby competitors' qualifications are evaluated and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. The method, where price is not used as a selection factor, can only be used in procurement of A/E

professional services. It cannot be used to purchase other types of services though A/E firms are a potential source to perform the proposed effort.

Contract/Price Analysis: A cost or price analysis is performed in connection with every procurement action in excess of \$150,000, including contract modifications. 2 C.F.R. § 200.323(a). A cost analysis generally means evaluating the separate cost elements that make up the total price, while a price analysis means evaluating the total price, without looking at the individual cost elements.

The method and degree of analysis is dependent on the facts surrounding the particular procurement situation; however, Districts must come to an independent estimate prior to receiving bids or proposals. 2 C.F.R. § 200.323(a).

When performing a cost analysis, the District negotiates profit as a separate element of the price. To establish a fair and reasonable profit, consideration is given to the complexity of the work to be performed, the risk borne by the contractor, the contractor's investment, the amount of subcontracting, the quality of its record of past performance, and industry profit rates in the surrounding geographical area for similar work. 2 C.F.R. § 200.323(b).

West Carroll does not procure items in excess of \$150,000. However if it does, the respective federal projects director is responsible for following state and federal procurement rules with approval from the director of schools and the local board of education.

Noncompetitive Proposals (Sole Sourcing)

Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used only when one or more of the following circumstances apply:

- The item is available only from a single source;
- The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
- The federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the District; or
- After solicitation of a number of sources, competition is determined inadequate.

Educational Consultants and Similar Services: In order to procure educational consultants in accordance with T.C.A. § 12-4-106(a)(1), the procurement must be paid with state or local funds:

- Contracts by counties, cities, metropolitan governments towns, utility districts and other municipal and public corporations of the state, for legal services, fiscal agent, financial advisor or advisory services, educational consultant services and similar services by

professional persons or groups of high ethical standards, shall not be based upon competitive bids, but shall be awarded on the basis of recognized competence and integrity. The prohibition against competitive bidding in this section shall not prohibit any entity enumerated from interviewing eligible persons or groups to determine the capabilities of such persons or groups.

Procurement Documents

- A pre-number purchase order must be completed before any purchases are made. The purchase order is ^{generated} by the bookkeeper, respective federal projects director, child nutrition director, or technology coordinator. The purchase orders are located in the bookkeeper's office and the above mentioned people have access to the documents. Purchase orders must be signed out and logged by the person generating the purchase order.
- The following information must be included on the purchase order:
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 - A location where the services are to be performed or goods to be delivered
 - Appropriation account name and number
 - Quantity, unit price, extended cost and purchase total
 - Signature of responsible project director
- After the purchase is made, the purchase order is kept by the purchaser until the product is delivered and verified by the purchaser. Then the purchase order with the proof of purchase such as a packing slip is submitted to the bookkeeper who matches the purchase orders to invoices received. The packing slip, if available, along with the invoice is kept with the purchase order.
- Responsibilities
 - Federal Projects Directors, Child Nutritionist, Technology Coordinator and Bookkeeper obtain, approve, and fill out purchase orders with the director of schools additional approval.
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- Required Number and Types of Quotations

See West Carroll Board Policy 2.806 Bids and Quotations at wcssd.org for the number of required bids and the purchase threshold. Bids are written and submitted in a sealed envelope to the district office. Bids must be received and approved before a purchase order, requisition, or contract is made. The director of schools and respective program manager is responsible for collecting the bids.

Cost Price Analysis and Sole Source

A cost or price analysis will be performed for noncompetitive proposals when the price exceeds \$150,000.

C. Purchase Cards

The district uses two vendor purchase cards, Wal-Mart and Sam's Club. Federal projects directors are issued a card for procurement. Purchase orders must be generated and approved before cards are used. Any merchandise available at these stores is permitted for purchase as long as it has been approved as an acceptable item for the grant. The maximum amount that can be charged must be a reasonable and near the estimate for cost listed on the purchase order. Documentation for purchase cards follow all procurement procedures as outlined in other purchases. All purchases are reviewed by the director of schools. No purchase cards are used to cover expenses associated with travel such as gas or hotels.

D. Full and Open Competition

All procurement transactions must be conducted in a manner providing full and open competition consistent with 2 C.F.R § 200.319. In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals must be excluded from competing for such procurements. Some of the situations considered to be restrictive of competition include but are not limited to:

- Placing unreasonable requirements on firms in order for them to qualify to do business;
- Requiring unnecessary experience and excessive bonding;
- Noncompetitive pricing practices between firms or between affiliated companies;
- Noncompetitive contracts to consultants that are on retainer contracts;
- Organizational conflicts of interest;
- Specifying only a "brand name" product instead of allowing "an equal" product to be offered and describing the performance or other relevant requirements of the procurement; and
- Any arbitrary action in the procurement process.

EDGAR further requires the following to ensure adequate competition.

Geographical Preferences Prohibited

The District must conduct procurements in a manner that prohibits the use of statutorily or administratively imposed state, local, or tribal geographical preferences in the evaluation of bids or proposals, except in those cases where applicable federal statutes expressly mandate or

encourage geographic preference. When contracting for architectural and engineering (A/E) services, geographic location may be a selection criterion provided its application leaves an appropriate number of qualified firms, given the nature and size of the project, to compete for the contract.

Prequalified Lists

The District must ensure that all prequalified lists of persons, firms, or products which are used in acquiring goods and services are current and include enough qualified sources to ensure maximum open and free competition. Also, the District must not preclude potential bidders from qualifying during the solicitation period.

Solicitation Language

The District must ensure that all solicitations incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description must not, in competitive procurements, contain features which unduly restrict competition. The description may include a statement of the qualitative nature of the material, product or service to be procured and, when necessary, must set forth those minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use. Detailed product specifications should be avoided if at all possible.

When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a “brand name or equivalent” description may be used as a means to define the performance or other salient requirements of procurement. The specific features of the named brand which must be met by offers must be clearly stated; and identify all requirements which the offers must fulfill and all other factors to be used in evaluating bids or proposals. 2 C.F.R § 200.319(c).

E. Federal Procurement System Standards

Avoiding Acquisition of Unnecessary or Duplicative Items

The District must avoid the acquisition of unnecessary or duplicative items. Additionally, consideration is given to consolidating or breaking out procurements to obtain a more economical purchase. And, where appropriate, an analysis must be made of leases versus purchase alternatives, and another other appropriate analysis to determine the most economical approach. These considerations are given as part of the process to determine the allowability of each purchase made with federal funds.

See board policy 2.805 Purchasing at wcassd.org.

Use of Intergovernmental Agreements

To foster greater economy and efficiency, the District shall enter into state and local intergovernmental agreements where appropriate for procurement or use of common or shared goods and services.

See board policy 2.805 Purchasing at wcssd.org.

Use of Federal Excess and Surplus Property

The District shall consider the use of federal excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs.

See board policy 2.805 Purchasing at wcssd.org.

Debarment and Suspension

The District shall award contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources.

The District may not subcontract with or award subgrants to any person or company who is debarred or suspended and is required to check for excluded parties at the System for Award Management website before any procurement transaction. This list is located at: <http://www.sam.gov/>.

Maintenance of Procurement Records

The District must maintain records sufficient to detail the history of all procurements. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, the basis for the contract price (including a cost or price analysis), and verification that the contractor is not suspended or debarred.

West Carroll maintains all financial records as required by regulation and applicable state and federal law.

See board policy 2.701 Financial Reports and Records at wcssd.org.

Time and Materials Contracts

The District may use a time and materials type contract only if (1) after a determination that no other contract is suitable; and (2) if the contract includes a ceiling price that the contractor exceeds at its own risk. Time and materials type contract means a contract whose cost to the District is the sum of: the actual costs of materials, and direct labor hours charged at fixed hourly rates that reflect wages, general and administrative expenses, and profit.

Since this formula generates an open-ended contract price, a time-and-materials contract provides no positive profit incentive to the contractor for cost control or labor efficiency. Therefore, each contract must set a ceiling price that the contractor exceeds at its own risk. Further, the District must assert a high degree of oversight in order to obtain reasonable assurance that the contractor is using efficient methods and effective cost controls.

West Carroll follows all regulations and applicable state and federal law in regards to time and materials contracts.

Settlements of Issues Arising Out of Procurements

The District alone is responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising out of procurements. These issues include, but are not limited to, source evaluation, protests, disputes, and claims. These standards do not relieve the District of any contractual responsibilities under its contracts. Violations of law will be referred to the local, state, or federal authority having proper jurisdiction.

West Carroll follows all regulations and applicable state and federal law in regards to settlements of issues arising out of procurements.

Protest Procedures to Resolve Dispute

The District shall maintain protest procedures to handle and resolve disputes relating to procurements and, in all instances, disclose information regarding the protest to the awarding agency.

West Carroll follows all regulations and applicable state and federal law in regards to procedures to resolve disputes.

F. Conflict of Interest Requirements

Standards of Conduct

In accordance with 2 C.F.R. § 200.18(c)(1), the District maintains the following standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award and administration of contracts.

No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a federal award if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract.

The officers, employees, and agents of the District may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts, unless the gift is an unsolicited item of nominal value.

See board policy 2.809 Vendor Relations and 5.605 Gifts and Solicitations at wcssd.org.

See board policy 1.106 Code of Ethics, 1.106.1 Conflict of Interest Disclosure Statement, at wcssd.org.

See employee handbook p. 22 Gifts and Solicitation at wcssd.org.

Organizational Conflicts

Organizational conflicts of interest means that because of relationships with a parent company, affiliate, or subsidiary organization, the non-Federal entity is unable or appears to be unable to be impartial in conducting a procurement action involving a related organization. 2 C.F.R § 200.318(c)(2).

West Carroll does not have a parent, affiliate, or subsidiary organization that is not a state, local, government, or Indian tribe.

Disciplinary Actions

West Carroll determines disciplinary actions on an individual basis and in compliance with all state and federal regulations and laws.

Mandatory Disclosure

Upon discovery of any potential conflict, the District shall disclose in writing the potential conflict to the federal awarding agency in accordance with applicable federal awarding agency policy.

G. Contract Administration

The District shall maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders 2 C.F.R. § 200.318.

Federal project directors oversee that contractors perform in accordance with the terms, conditions and specifications of their contracts or purchase orders with input from the director of schools.

IV. Property Management Systems

A. Property Classifications

Equipment means tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the District for financial statement purposes, or \$5,000. 2 C.F.R. § 200.33.

Supplies means all tangible personal property other than those described in § 200.33 Equipment. A computing device is a supply if the acquisition cost is less than the lesser of the capitalization level established by the District for financial statement purposes or \$5,000, regardless of the length of its useful life. 2 C.F.R. § 200.94.

Computing devices means machines used to acquire, store, analyze, process, and publish data and other information electronically, including accessories (or “peripherals”) for printing, transmitting and receiving, or storing electronic information. 2 C.F.R. § 200.20.

Capital assets means tangible or intangible assets used in operations having a useful life of more than one year which are capitalized in accordance with GAAP. Capital assets include:

- Land, buildings (facilities), equipment, and intellectual property (including software) whether acquired by purchase, construction, manufacture, lease-purchase, exchange, or through capital leases; and
- Additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations or alterations to capital assets that materially increase their value or useful life (not ordinary repairs and maintenance). 2 C.F.R. § 200.12.

B. Inventory Procedure

New inventory is received at the district office or at the school where it will be used. Personnel who ordered the equipment, generally the technology department, are responsible for making sure it is good condition and matches what is listed on the purchase order and invoice. The district does not require a receiving report but the information is entered into the property management system directly and tagged by the technology department who is responsible for property management for the district.

C. Inventory Records

For each equipment and computing device purchased with federal funds, the following information is maintained:

- Serial number or other identification number;
- Source of funding for the property;
- Who holds title;

- Acquisition date and cost of the property;
- Percentage of federal participation in the project costs for the federal award under which the property was acquired;
- Location, use and condition of the property; and
- Any ultimate disposition data including the date of disposal and sale price of the property.

See Equipment Control Procedures at wcssd.org on the district office tab in fiscal administrative procedures.

D. Physical Inventory

A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.

See Equipment Control Procedures at wcssd.org on the district office tab in fiscal administrative procedures.

Property/Equipment Maintenance

In accordance with 2 C.F.R.313(d)(4), the District maintains adequate maintenance procedures to ensure that property is kept in good condition.

See Equipment Control Procedures at wcssd.org on the district office tab in fiscal administrative procedures.

E. Lost or Stolen Items

The District maintains a control system that ensures adequate safeguards are in place to prevent loss, damage, or theft of the property. Equipment that is stolen is reported to local jurisdiction of law enforcement.

See Equipment Control Procedures at wcssd.org on the district office tab in fiscal administrative procedures.

F. Use of Equipment

Equipment must be used in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by the federal award, and the District will not encumber the property without prior approval of the federal awarding agency and the pass-through entity. When no longer needed for the original program or project, the equipment may be used in other activities supported by the federal awarding agency, in the following order of priority: (1) activities under a federal award from the federal awarding agency which funded the original program or project; then (2) activities under federal awards from other federal awarding agencies.

During the time equipment is used on the project or program for which it was acquired, the equipment will also be made available for use on other projects or programs currently or previously supported by the federal government, provided that such use will not interfere with the work on the projects or program for which it was originally acquired. First preference for other use must be given to other programs or projects supported by the federal awarding agency that financed the equipment. Second preference is given to programs or projects under federal awards from other federal awarding agencies. Use for non-federally funded programs or projects is also permissible.

G. Disposal of Equipment

When it is determined that original or replacement equipment acquired under a federal award is no longer needed for the original project or program or for other activities currently or previously supported by a federal awarding agency, the shall contact the awarding agency (or pass-through for a state-administered grant) for disposition instructions.

Generally, disposition of equipment is dependent on its fair market value (FMV) at the time of disposition. If the item has a current FMV of \$5,000 or less, it may be retained, sold, or otherwise disposed of with no further obligation to the federal awarding agency. If the item has a current FMV of more than \$5,000, the federal awarding agency is entitled to the federal share of the current market value or sales proceeds.

If acquiring replacement equipment, the District may use the equipment to be replaced as a trade-in or sell the property and use the proceeds to offset the cost of the replacement property.

To dispose of equipment, West Carroll Board of Education declares the property surplus. (See board policy number 2.403 at wcssd.org.) The Director of Schools or designee is responsible to ensure the highest possible return. Items to be sold are advertised in local newspapers. Items are sold in the open market or to highest bidder. Funds from sale are returned to fund from which the property was purchased.

V. Written Compensation Policies

A. Time and Effort

Time and Effort Standards

All employees who are paid in full or in part with federal funds must keep specific documents to demonstrate the amount of time they spent on grant activities. C.F.R. § 200.430(i)(1). In addition, employees who are paid from state and local funds, but whose salaries are used for cost sharing or matching must also keep time and effort documentation. 2 C.F.R. § 200.430(i)(4).

Charges to federal awards for salaries and wages must be based on records that accurately reflect the work performed. In accordance with 2 C.F.R. § 200.430(i)(1), these records must:

- Be supported by a system of internal controls which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- Be incorporated into official records;
- Reasonably reflect total activity for which the employee is compensated, not exceeding 100% of compensated activities;
- Encompass both federally assisted and all other activities compensated by the District on an integrated basis;
- Comply with the established accounting policies and practices of the District; and
- Support the distribution of the employee's salary or wages among specific activities or costs objectives.

Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to federal awards, but may be used for interim accounting purposes provided that the system for establishing the estimates produces reasonable approximations of the activity actually performed. 200.430(i)(1)(viii).

Time and Effort Procedures

In order to meet the above requirements, all employees who must complete time and effort forms must submit either a semi-annual certification or a personnel activity report (PAR) as required below. The type of form depends on the number of cost objectives that an employee works on.

A cost objective is a program, function, activity, award, organizational subdivision, contract, or work unit of which cost data are described and from which provision is made to accumulate and measure the cost of processes, products, jobs, capital projects, etc. 2 C.F.R. § 200.28.

All employees who work on a single cost objective must complete a semi-annual certification. The semi-annual certification must be:

1. Completed at least every six (6) months;
2. Be signed by the employee or the supervisor with direct knowledge of the work being performed;
3. Reflect an after-the-fact distribution of the actual activity; and
4. Account for the total activity for which each employee is compensated.

All employees who work on multiple cost objectives must complete PARs that support the distribution of their salaries /wages that meet the following standards:

1. Reflect an after-the-fact distribution of the actual activity;
2. Account for the total activity for which each employee is compensated;
3. Are prepared at least monthly & coincide with one or more pay periods; and
4. Are signed by the employee.

West Carroll follows documentation for time and effort required by federal law. Documentation is signed by the employee. Paper copies of the certifications are completed on paper and stored by the director of the federal project or by the payroll department at the district office. A link to the form used for this purpose is included in the appendix.

Reconciliation and Closeout Procedures

It is critical for payroll charges to match the actual distribution of time recorded on the monthly certification documents. Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to federal awards but may be used for interim accounting purposes provided that the system for establishing the estimates produces reasonable approximations of the activity actually performed.

If using budget estimates for interim accounting purposes, EDGAR requires recipients to identify and enter into the records in a timely manner any significant changes in the corresponding work activity. Additionally, the recipient must have a system of internal controls to review after-the-fact interim charges made to a federal award based on budget estimates. All necessary adjustments must be made such that the final amount charged to the federal award is accurate, allowable, and properly allocated.

Time and effort documents are reconciled to actual costs at least quarterly. The director or supervisor for the specific federal grant is responsible for the review of the reconciliation. Annual adjustments are made only if the quarterly comparisons show the differences between budgeted amounts and actual costs are less than ten percent.

Employee Exits

See West Carroll Board Policy numbers 5.200-Separation Practices for Tenured Teachers, 5.201-Separation Practices for Non-tenured Teachers, and 5.202-Separation Practices for Non-Certified Employees.

B. Human Resources Policies

The District shall have human resource policies which at least cover (1) how employees are hired (2 C.F.R. § 200.430(a)(2)); (2) the extent to which employees may provide professional services outside the District (2 C.F.R. § 200.430(c)); (3) the provision of fringe benefits, including leave and insurance, (2 C.F.R. § 200.431)); (4) the use of recruiting expenses to attract personnel (2 C.F.R. § 200.463(b)); and (5) reimbursement for relocations costs. 2 C.F.R. § 200.464.

See West Carroll Board Policy numbers 5.102-Classification and Qualifications, 5.105-Recruitment, 5.106 Application and Employment, 5.607 Non-school Employment, and 5.110 Compensation Guides and Contracts

VI. Record Keeping

A. Record Retention

The District maintains all records that fully show (1) the amount of funds under the grant or subgrant; (2) how the subgrantee uses those funds; (3) the total cost of each project; (4) the share of the total cost of each project provided from other sources; (5) other records to facilitate an effective audit; and (6) other records to show compliance with federal program requirements. 34 C.F.R. §§ 76.730-.731 and §§ 75.730-.731. The District also maintains records of significant project experiences and results. 34 C.F.R. § 75.732. These records and accounts must be retained and made available for programmatic or financial audit.

The U.S. Department of Education is authorized to recover any federal funds misspent within 5 years before the receipt of a program determination letter. 34 C.F.R. § 81.31(c). Consequently, the District retain records for a minimum of five (5) years from the date on which the final Financial Status Report is submitted, unless otherwise notified in writing to extend the retention period by the awarding agency, cognizant agency for audit, oversight agency for audit, or cognizant agency for indirect costs. However, if any litigation, claim, or audit is started before the expiration of the record retention period, the records will be retained until all litigation, claims, or audit findings involving the records have been resolved and final action taken. 2 C.F.R. § 200.333.

West Carroll shreds or burns records no longer needed. Inventory records are updated to ensure no loss of inventory records.

See West Carroll Board Policy number 1.407-School Board Records.

B. Collection and Transmission of Records

Paper copies are kept at the district office of most records with the exception of documents available on ePlan. Paper copies are made available to auditors and monitors. When possible, electronic copies are created for transmission to other agencies, etc.

C. Access to Records

The District provides the awarding agency, Inspectors General, the Comptroller General of the United States, and the pass-through entity, or any of their authorized representatives the right of access to any documents, papers, or other records of the District which are pertinent to the Federal award in order to make audits, examinations, excerpts, and transcripts. The right also includes timely and reasonable access to the District's personnel for the purpose of interview and discussion related to such documents.

D. Privacy

For information relating to student records see, the following: *Student and Parent Handbook*, p. 5, “FERPA,” and West Carroll Board of Education Policy number 6.600, Student Records.

For information relating to employee records, see the following: *West Carroll Employee Handbook*, p. 26, “Personnel Records/Release of General Staff Information,” and West Carroll Board Policy number 5.114, Personnel Records.

VII. Subrecipient Monitoring

In the event that the District awards subgrants to other entities, it is responsible for monitoring those grant subrecipients to ensure compliance with federal, state, and local laws. Monitoring is the regular and systematic examination of all aspects associated with the administration and implementation of a program. Each program office that awards a subgrant must have its own monitoring policy. This policy must ensure that any monitoring findings are corrected.

West Carroll does not award subgrants.

VIII. Legal Authorities and Helpful Resources

The following documents contain relevant grants management requirements. Staff should be familiar with these materials and consult them when making decisions related to the federal grant.

- Education Department General Administrative Regulations (EDGAR)
 - <http://www2.ed.gov/policy/fund/reg/edgarReg/edgar.html>
- Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (2 C.F.R. Part 200)
 - <http://www.eC.F.R.gov/cgi-bin/text-idx?SID=ccccf77e01c9e6d4b3a377815f411704&node=pt2.1.200&rgn=div5>
 - PAR Report
 - <http://www.wcssd.org/Default.asp?PN=DocumentUploads&L=1&DivisionID=3892&LMID=146426&ToggleSideNav=ShowAll>
- USDE's Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (2 C.F.R. Part 3474)
 - http://www.eC.F.R.gov/cgi-bin/text-idx?SID=ccccf77e01c9e6d4b3a377815f411704&tpl=/eC.F.R.browse/Title02/2C.F.R.3474_main_02.tpl
- Federal program statutes, regulations, and guidance
 - <http://www.ed.gov/>
- State regulations, rules, and policies
 - TN State Board of Education Rules and Regulations
 - http://www.tn.gov/sbe/rul_reg.shtml
 - TN State Board of Education Policies, Standards, and Guidelines
 - <http://www.tn.gov/sbe/policies.shtml>
 - TN State Department of Education System Manual and Chart of Accounts
 - <http://tn.gov/education/topic/finance>
- District regulations, rules, and policies
 - West Carroll Board of Education Policies
 - <http://www.boardpolicy.net/?DivisionID=19413&ToggleSideNav=>
 - West Carroll Fiscal Administrative Procedures
 - <http://www.wcssd.org/Default.asp?PN=DocumentUploads&L=1&DivisionID=3905&LMID=147084&ToggleSideNav=ShowAll>
 - West Carroll Employee Handbook
 - <http://www.wcssd.org/Default.asp?PN=DocumentUploads&L=1&DivisionID=3891&LMID=146774&ToggleSideNav=ShowAll>
 - West Carroll Parent and Student Handbook
 - <http://www.wcssd.org/Default.asp?PN=DocumentUploads&L=1&DivisionID=4221&LMID=162433&ToggleSideNav=ShowAll>

West Carroll Special School District Organizational Chart

