

Policy DAF: Administration of Federal Grant Funds

Policy DAF: Administration of Federal Grant Funds establishes expectations and standards for financial management and other internal controls relative to federal grant awards as required by the Uniform Grant Guidance and the Code of Federal Regulations. Policy DAF includes several sub-policies.

The Board accepts federal funds, which are available, provided that there is a specific need for them and that the required matching funds are available. The Board intends to administer federal grant awards efficiently, effectively and in compliance with all requirements imposed by law, the awarding agency, and the New Hampshire Department of Education (NHDOE) or other applicable pass-through entity.

The Board directs the administration to develop, monitor, and enforce effective administrative procedures and other internal controls over federal awards as necessary in order to provide reasonable assurances that the district is managing the awards in compliance with all requirements for federal grants and awards. Systems and controls must meet all requirements of federal and/or state law and regulation and shall be based on best practices. The district designates the Business Administrator as the Federal Funds Coordinator. The Superintendent is directed to assure that all individuals responsible for the administration of a federal grant or award shall be provided sufficient training to carry out their duties in accordance with all applicable requirements for the federal grant or award and this policy.

To the extent not covered by this Policy, the administrative procedures and internal controls must provide for:

1. Identification of all federal funds received and expended and their program source.
2. Accurate, current, and complete disclosure of financial data in accordance with federal requirements.
3. Records sufficient to track the receipt and use of funds.
4. Effective control and accountability over assets to assure they are used only for authorized purposes.

DAF 1 – Allowability

The Superintendent is responsible for the efficient and effective administration of grant funds through the application of sound management practices. Such funds shall be administered in a manner consistent with all applicable Federal, State, and local laws, the associated agreements/assurances, program objectives and the specific terms and conditions of the grant award.

- A. **Cost Principles:** Except whether otherwise authorized by statute, costs shall meet the following general criteria in order to be allowable under Federal awards:
- a. Be “necessary” and “reasonable” for proper and efficient performance and administration of the Federal award and be allocable thereto under these principles.
 - i. To determine whether a cost is “reasonable”, consideration shall be given to:
 1. whether a 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.
 2. the restraints or requirements imposed by such factors as sound business practices, arm’s length bargaining, Federal, State, local, tribal, and other laws, and regulations.
 3. market prices for comparable goods or services for the geographic area.

4. whether the individuals concerned acted with prudence in the circumstances considering their responsibilities; and
 5. whether the cost represents any significant deviation from the established practices or Board policy which may increase the expense. While Federal regulations do not provide specific descriptions of what satisfied the “necessary” element beyond its inclusion in the reasonableness analysis above, whether a cost is 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.
- ii. When determining whether a cost is “necessary”, consideration may be given to whether:
 1. the cost is needed for the proper and efficient performance of the grant program.
 2. the cost is identified in the approved budget or application.
 3. there is an educational benefit associated with the cost.
 4. the cost aligns with identified needs based on results and findings from a needs assessment; and/or
 5. the cost addresses program goals and objectives and is based on program data.
 - iii. 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.
- b. Conform to any limitations or exclusions set forth as cost principles in Part 200 or in the terms and conditions of the Federal award.
 - c. Be consistent with policies and procedures that apply uniformly to both Federally financed and other activities of the district.
 - d. Be afforded 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.
 - e. Be determined in accordance with generally accepted accounting principles.
 - f. Be representative of actual cost, net of all applicable credits or offsets.

The term “applicable credits” refers to those receipts or reductions 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.
 - g. Be not included as a match or cost-share unless the specific Federal program authorizes Federal costs to be treated as such.
 - h. Be adequately documented:
 - i. in the case of personal services, the Superintendent shall implement a system for District personnel to account for time and efforts expended on grant funded programs to assure that only permissible personnel expenses are allocated.
 - ii. in the case of other costs, all receipts and other invoice materials shall be retained, along with any documentation identifying the need and purpose for such expenditure if not otherwise clear.
- B. **Selected Items of Cost:** The District shall follow the rules for selected items of cost at 2 CFR Part 200, Subpart E when charging these specific expenditures to a Federal grant. When applicable, District staff shall

check costs against the selected items of cost requirements to ensure the cost is allowable. In addition, State, District, and program-specific rules, including the terms and conditions of the award, may deem a cost as unallowable and District personnel shall follow those rules as well.

- C. **Cost Compliance:** The Superintendent shall require that grant program funds are expended and are accounted for consistent with the requirements of the specific program and as identified in the grant application. Compliance monitoring includes accounting for direct or indirect costs and reporting them as permitted or required by each grant.

D. Determining Whether a Cost is Direct or Indirect

1. “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.

These costs may include salaries and fringe benefits of employees working directly on a grant-funded project; purchased services contracted for performance under the grant; travel of employees working directly on a grant-funded project; materials, supplies, and equipment purchased for use on a specific grant; and infrastructure costs directly attributable to the program (such as long-distance telephone calls specific to the program, etc.).

2. “Indirect costs” are those that have been incurred for a common or joint purpose benefitting more than one (1) cost objective, and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved. Costs incurred for the same purpose in like circumstances shall be treated consistently as either direct or indirect costs.

These costs may include general data processing, human resources, utility costs, maintenance, accounting, etc.

Federal education programs with supplement does not supplant provisions must use a restricted indirect cost rate. In a restricted rate, indirect costs are limited to general management costs. General management costs do not include divisional administration that is limited to one (1) component of the district, the governing body of the district, compensation of the Superintendent, compensation of the chief executive officer of any component of the district, and operation of the immediate offices of these officers.

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** the following conditions are met:

- a. Administrative or clerical services are integral to a project or activity.
- b. Individuals involved can be specifically identified with the project or activity.
- c. Such costs are explicitly included in the budget or have the prior written approval of the Federal awarding agency.
- d. The costs are not also recovered as indirect costs.

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

Effort should be given to identify costs as direct costs whenever practical, but allocation of indirect costs may be used where not prohibited and where indirect cost allocation is approved ahead of time by NHDOE or the pass-through entity (Federal funds subject to 2 C.F.R Part 200 pertaining to determining indirect cost allocation).

- E. **Timely Obligation of Funds:** 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.

The following are examples of when funds are determined to be “obligated” under applicable regulation of the U.S. Department of Education:

When the obligation is for:

- a. Acquisition of property – on the date which the district makes a binding written commitment to acquire the property.
- b. Personal services by an employee of the district – when the services are performed.
- c. 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.
- d. Public utility services – when the district received the services.
- e. Travel – when the travel is taken.
- f. Rental of property – when the district uses the property.
- g. A pre-agreement cost that was properly approved by the Secretary under the cost principles in 2 CFR Part 200, Subpart E – Cost Principles – on the first day of the project period.

F. **Period of Performance:** All obligations must occur on or between the beginning and ending dates of the grant project. This period of time is known as the period of performance. The period of performance is dictated by statute and will be indicated in the Grant Award Notification (“GAN”). 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 performance is twenty- seven (27) months. This maximum period includes a fifteen (15) month period of initial availability, plus a twelve (12) month period of carry over. For direct grants, the period of performance is generally identified in the GAN.

Pre-award costs are those incurred prior to the effective date of the Federal award or subaward directly pursuant to the negotiation and in anticipation of the Federal award where such costs are necessary for efficient and timely performance of the scope of work. Such costs are allowable only to the extent that they would have been allowable if incurred after the date of the Federal award and only with the written approval of the *initial* Federal awarding agency or of the NHDOE or other pass-through entity.

For both State-administered and direct grants, regardless of the period of availability, the district shall liquidate all obligations incurred under the award not later than forty-five (45) days after the end of the funding period unless an extension is authorized. Any funds not obligated within the period of performance or liquidated within the appropriate timeframe are said to lapse and shall be returned to the awarding agency. Consistently, the District shall closely monitor grant spending throughout the grant cycle.

DAF 2 - CASH MANAGEMENT AND FUND CONTROL

Payment methods must be established in writing that minimize the time elapsed between the drawdown of federal funds and the disbursement of those funds. Standards for funds control and accountability must be met as required by the Uniform Guidance for advance payments and in accordance with the requirements of NHDOE or other applicable pass-through-entity.

In order to provide reasonable assurance that all assets, including Federal, State, and local funds, are safeguarded against waste, loss, unauthorized use, or misappropriation, the Superintendent shall implement internal controls in the area of cash management.

The District’s payment methods shall minimize the time elapsing between the transfer of funds from the United States Treasury or the NHDOE (pass-through entity) and disbursement by the District, regardless of whether the payment is made by electronic fund transfer, or issuance or redemption of checks, warrants, or payment by other means.

The District shall use forms and procedures required by the NHDOE, grantor agency or other pass- through entity to request payment. The District shall request grant fund payments in accordance with the provisions of the grant. Additionally, the District’s financial management systems shall meet the standards for fund control and accountability as established by the awarding agency.

The Business Administrator is authorized to submit requests for advance payments and reimbursements at least monthly when electronic fund transfers are not used, and as often as deemed appropriate when electronic transfers are used, in accordance with the provisions of the Electronic Fund Transfer Act (15 U.S.C. 1693-1693r).

When the District uses a cash advance payment method, the following standards shall apply:

- A. The timing and amount of the advance payment requested will be as close as is administratively feasible to the actual disbursement for direct program or project costs and the proportionate share of any allowable indirect costs.
- B. The District shall make timely payment to contractors in accordance with contract provisions.
- C. To the extent available, the District shall disburse funds available from program income (including repayments to a revolving fund), rebates, refunds, contract settlements, audit recoveries, and interest earned on such funds before requesting additional cash payments.
- D. The District shall account for the receipt, obligation and expenditure of funds.
- E. Advance payments shall be deposited and maintained in insured accounts whenever possible.
- F. Advance payments will be maintained in interest bearing accounts unless the following apply:
 - 1. The District receives less than \$120,000 in Federal awards per year.
 - 2. The best reasonably available interest-bearing account would not be expected to earn interest in excess of \$500 per year on Federal cash balances.
 - 3. The depository would require an average or minimum balance so high that it would not be feasible within the expected Federal and non-Federal cash resources.
 - 4. A foreign government or banking system prohibits or precludes interest bearing accounts.
- G. Pursuant to Federal law and regulations, the District may retain interest earned in an amount up to \$500 per year for administrative costs. Any additional interest earned on Federal advance payments deposited in interest-bearing accounts must be remitted annually to the Department of Health and Human Services Payment Management System (“PMS”) through an electronic medium using either Automated Clearing House (“ACH”) network or a Fedwire Funds Service payment. Remittances shall include pertinent information of the payee and nature of payment in the memo area (often referred to as “addenda records” by Financial Institutions) as that will assist in the timely posting of interest earned on Federal funds.

DAF 3- PROCUREMENT

All purchases for property and services made using federal funds must be conducted in accordance with all applicable Federal, State and local laws and regulations, the Uniform Guidance, and the District’s written policies and procedures.

Procurement of all supplies, materials equipment, and services paid for from Federal funds or District matching funds shall be made in accordance with all applicable Federal, State, and local statutes and/or regulations, the terms and conditions of the Federal grant, District policies, and procedures.

The Superintendent shall maintain a procurement and contract administration system in accordance with the USDOE requirements (2 CFR 200.317-327) for the administration and management of Federal grants and Federally-funded programs. The District shall maintain a contract administration system that requires contractors to perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders. Except as otherwise noted, procurement transactions shall also conform to the provisions of the District’s documented general purchase Policy.

The District avoids situations that unnecessarily restrict competition and avoids acquisition of unnecessary or duplicative items. Individuals or organizations that develop or draft specifications, requirements, statements of work, and/or invitations for bids, requests for proposals, or invitations to negotiate, are excluded from competing for such purchases. Additionally, consideration shall be given to consolidating or breaking out

procurements to obtain a more economical purchase. And, where appropriate, an analysis shall be made to lease versus purchase alternatives, and any 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.

Contracts are awarded only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration is given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources. No contract is awarded to a contractor who is suspended or debarred from eligibility for participation in federal assistance programs or activities.

Purchasing records are sufficiently maintained to detail the history of all procurements and must include at least the rationale for the method of procurement, selection of contract type, and contractor selection or rejection; the basis for the contract price; and verification that the contractor is not suspended or debarred.

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

A. Competition: All procurement transactions shall be conducted in a manner that encourages full and open competition and that is in accordance with good administrative practice and sound business judgement. In order to promote objective contractor performance and eliminate unfair competitive advantage, the District shall exclude any contractor that has developed or drafted specifications, requirements, statements of work, or invitations for bids or requests for proposals from competition for such procurements.

Some of the situations considered to be restrictive of competition include, but are not limited to, the following:

1. unreasonable requirements on firms in order for them to qualify to do business;
2. unnecessary experience and excessive bonding requirements;
3. noncompetitive contracts to consultants that are on retainer contracts;
4. organizational conflicts of interest;
5. specification of only a "brand name" product instead of allowing for an "or equal" product to be offered and describing the performance or other relevant requirements of the procurement; and/or
6. any arbitrary action in the procurement process.

Further, the District does not use statutorily or administratively imposed State, local, or tribal geographical preferences in the evaluation of bids or proposals, unless (1) an applicable Federal statute expressly mandates or encourages a geographic preference; (2) the District is contracting for architectural and engineering services, in which case 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.

To the extent that the District uses a pre-qualified list of persons, firms or products to acquire goods and services, the pre-qualified list must include enough qualified sources as to ensure maximum open and free competition. The District allows vendors to apply for consideration to be placed on the list as requested.

B. Solicitation Language: The District shall require that all solicitations incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description shall 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, shall set forth those minimum essential characteristics and standards to which it shall 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 shall be met by offers shall be clearly stated; and identify all requirements which the offerors shall fulfill and all other factors to be used in evaluating bids or proposals.

The Board will not approve any expenditure for an unauthorized purchase or contract.

C. Procurement Methods: The District shall utilize the following methods of procurement:

1. Micro-purchases. Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed \$10,000. To the extent practicable, the District shall distribute micro-purchase equitably among qualified suppliers. Micro-purchases may be made without soliciting competitive quotations if the Superintendent considers the price to be reasonable. The District maintains evidence of this reasonableness in the records of all purchases made by this method.
2. Small Purchases (Simplified Acquisition). Small purchase procedures provide for relatively simple and informal procurement methods for securing services, supplies, and other property which is acquired above the *aggregate dollar* micro-purchase threshold and not exceeding the competitive bid threshold of \$250,000. Small purchase procedures require that price or rate quotations shall be obtained from an adequate number of qualified sources.
3. Sealed Bids. Sealed, competitive bids shall be obtained when the purchase of, and contract for, single items of supplies, materials, or equipment which amounts to \$250,000 and when the Board determines to build, repair, enlarge, improve, or demolish a school building/facility the cost of which will exceed \$250,000.
 - a. In order for sealed bidding to be feasible, the following conditions shall be present:
 - i. a complete, adequate, and realistic specification or purchase description is available;
 - ii. two (2) or more responsible bidders are willing and able to compete effectively for the business; and
 - iii. the procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally on the basis of price.
 - b. When sealed bids are used, the following requirements apply:
 - i. Bids shall be solicited in accordance with the provisions of State law and bids shall be solicited from an adequate number of qualified suppliers, providing sufficient response time prior to the date set for the opening of bids. The invitation to bid shall be publicly advertised.
 - ii. The invitation for bids will include product/contract specifications and pertinent attachments and shall define the items and/or services required in order for the bidder to properly respond.
 - iii. All bids will be opened at the time and place prescribed in the invitation for bids; bids will be opened publicly.
 - iv. A firm fixed price contract award will be made in writing to the lowest responsive and responsible bidder. Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs shall be considered in determining which bid is lowest. Payment discounts may only be used to determine the low bid when prior experience indicates that such discounts are usually taken.
 - v. The Board reserves the right to reject any and all bids for sound documented reason.
 - vi. Bid protests shall be handled pursuant to the process set forth in DAF-3.I.

4. Competitive Proposals

Procurement by competitive proposal, normally conducted with more than one source submitting an offer, is generally used when conditions are not appropriate for the use of sealed bids or in the case of a recognized exception to the sealed bid method.

If this method is used, the following requirements apply:

- a. Requests for proposals shall be publicized and identify all evaluation factors and their relative importance. Any response to the publicized requests for proposals shall be considered to the maximum extent practical.
- b. Proposals shall be solicited from an adequate number of sources.
- c. The District shall use its written method for conducting technical evaluations of the proposals

received and for selecting recipients.

- d. Contracts shall be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered.

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.

5. Noncompetitive Proposals

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

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

D. Contracting with Small and Minority Businesses, Women's Business Enterprises, and Labor Surplus

Area Firms: The District must take necessary affirmative steps to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible. Affirmative steps must include:

1. Placing qualified small and minority businesses and women's business enterprises on solicitation lists;
2. Assuring that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources;
3. Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses, and women's business enterprises;
4. Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority businesses, and women's business enterprises;
5. Using the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce; and
6. Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed in paragraphs (1) through (5) of this section.

E. Contract/Price Analysis: The District shall perform a cost or price analysis in connection with every procurement action in excess of \$250,000 (i.e., the Simplified Acquisition/Small Purchase limit), including contract modifications. (See CFR 200.342). 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, the District shall come to an independent estimate prior to receiving bids or proposals.

When performing a cost analysis, the District shall negotiate 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.

F. Time and Materials Contracts: The District shall use a time and materials type contract only (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, the District sets a ceiling price for each contract that the contractor exceeds at its own risk. Further, the District shall assert a high degree of oversight in order to obtain reasonable assurance that the contractor is using efficient methods and effective cost controls, and otherwise performs in accordance with the terms, conditions, and specifications of their contracts or purchase orders.

G. Suspension and Debarment: The District will award contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of the proposed procurement. All purchasing decisions shall be made in the best interests of the District and shall seek to obtain the maximum value for each dollar expended. When making a purchasing decision, the District shall consider such factors as (1) contractor integrity; (2) compliance with public policy; (3) record of past performance; and (4) financial and technical resources.

The Superintendent shall have the authority to suspend or debar a person/corporation, for cause, from consideration or award of further contracts. The District is subject to and shall abide by the non-procurement debarment and suspension regulations implementing Executive Orders 12549 and 12689, 2 CFR Part 180.

Suspension is an action taken by the District that immediately prohibits a person from participating in covered transactions and transactions covered under the Federal Acquisition Regulation (48 CFR chapter 1) for a temporary period, pending completion of an agency investigation and any judicial or administrative proceedings that may ensure. A person so excluded is suspended. (See 2 CFR Part 180 Subpart G).

Debarment is an action taken by the Superintendent to exclude a person from participating in covered transactions and transactions covered under the Federal Acquisition Regulation (48 CFR chapter 1). A person so excluded is debarred. (See 2 CFR Part 180 Subpart H).

The District shall not subcontract with or award sub-grants to any person or company who is debarred or suspended. For contracts over \$25,000 the District shall confirm that the vendor is not debarred or suspended by either checking the Federal government's System for Award Management ("SAM"), which maintains a list of such debarred or suspended vendors at www.sam.gov (which replaced the former Excluded Parties List System or EPLS); or collecting a certification from the vendor. (See 2 CFR Part 180 Sub part C).

Documentation that debarment/suspension was queried must be retained for each covered transaction as part of the documentation required under DAF 3. Documentation should include the date(s) queried and copy(ies) of the SAM result report/screen shot, or a copy of the or certification from the vendor. It should be attached to the payment backup and retained for future audit review.

H. Additional Requirements for Procurement Contracts Using Federal Funds:

1. Clause for Remedies Arising from Breach: For any contract using Federal funds under which the contract amount exceeds the upper limit for Simplified Acquisition/Small Purchases (see DAF-3.C.2), the contract must address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and must provide for sanctions and penalties. (See 2 CFR 200, Appendix II(A)).
2. Termination clause: For any contract using Federal funds under which the contract amount exceeds \$10,000, it must address the District's authority to terminate the contract for cause and for convenience, including the manner by which termination will be effected and the basis for settlement. (See 2 CFR 200, Appendix II (B)).

3. Anti-pollution clause: For any contract using Federal funds under which the contract amount exceeds \$150,000, the contract must include clauses addressing the Clean Air Act and the Federal Water Pollution Control Act. (See 2 CFR 200, Appendix II (G)).
4. Anti-lobbying clause: For any contract using Federal funds under which the contract exceeds \$100,000, the contract must include an anti-lobbying clause, and require bidders to submit Anti-Lobbying Certification as required under 2 CFR 200, Appendix II (I).
5. Negotiation of profit: For each contract using Federal funds and for which there is no price competition, and for each Federal fund contract in which a cost analysis is performed, the District shall negotiate profit as a separate element of the price. To establish a fair and reasonable profit, consideration must be 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 the contractor's past performance, and industry profit rates in the surrounding geographical area for similar work. See 2 CFR 200.324(b).
6. "Domestic Preference" Requirement: The District must provide a preference for the purchase, acquisition, or use of goods, products, or materials produced in the United States, to the greatest extent practicable. This requirement applies whether the District is purchasing the products directly or when the products are purchased by third parties on the District's behalf (e.g. subcontractor, food service management companies, etc.). It also generally applies to all purchases, even those below the micro-purchase threshold, unless otherwise stipulated by the Federal awarding agency. See also additional "Buy American" provisions in DAF-4.C regarding food service procurement.
7. Huawei Ban: The District may not use Federal funds to procure, obtain, or enter into or renew a contract to procure or obtain equipment, services, or systems which substantially use telecommunications equipment or services produced by Huawei Technologies Company or ZTE Corporation, or any of their subsidiaries.

I. Bid Protest: The District maintains the following protest procedures to handle and resolve disputes relating to procurements and, in all instances, discloses information regarding the protest to the awarding agency.

A bidder who wishes to file a bid protest shall file such notice and follow procedures prescribed by the Request For Proposals (RFPs) or the individual bid specifications package, for resolution. Bid protests shall be filed in writing with the Superintendent within seventy-two (72) hours of the opening of the bids in protest.

Within five (5) days of receipt of a protest, the Superintendent shall review the protest as submitted and render a decision regarding the merits of the protest and any impact on the acceptance and rejection of bids submitted. Notice of the filing of a bid protest shall be communicated to the Board and shall be so noted in any subsequent recommendation for the acceptance of bids and awarding of contracts.

Failure to file a notice of intent to protest, or failure to file a formal written protest within the time prescribed, shall constitute a waiver of proceedings.

Maintenance of Procurement Records: The District shall 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 records regarding debarment/suspension queries or actions. Such records shall be retained consistent with District Policy and District Administrative Procedures.

DAF4 - PROCUREMENT – ADDITIONAL PROVISIONS PERTINENT TO FOOD SERVICE PROGRAM

The following provisions shall be included in all cost reimbursable contracts for food services purchases, including contracts with cost reimbursable provisions, and in solicitation documents prepared to obtain offers for such contracts: (7 CFR Sec. 210.21, 215.14a, 220.16)

A. Mandatory Contract Clauses: The following provisions shall be included in all cost reimbursable contracts for food services purchases, including contracts with cost reimbursable provisions, and in solicitation documents prepared to obtain offers for such contracts:

1. Allowable costs will be paid from the nonprofit school food service account to the contractor net of all discounts, rebates and other applicable credits accruing to or received by the contractor or any assignee under the contract, to the extent those credits are allocable to the allowable portion of the costs billed to the school food authority;
2. The contractor must separately identify for each cost submitted for payment to the school food authority the amount of that cost that is allowable (can be paid from the nonprofit school food service account) and the amount that is unallowable (cannot be paid from the nonprofit school food service account); or
3. The contractor must exclude all unallowable costs from its billing documents and certify that only allowable costs are submitted for payment and records have been established that maintain the visibility of unallowable costs, including directly associated costs in a manner suitable for contract cost determination and verification;
4. The contractor's determination of its allowable costs must be made in compliance with the applicable departmental and program regulations and Office of Management and Budget cost circulars;
5. The contractor must identify the amount of each discount, rebate and other applicable credit on bills and invoices presented to the school food authority for payment and individually identify the amount as a discount, rebate, or in the case of other applicable credits, the nature of the credit. If approved by the state agency, the school food authority may permit the contractor to report this information on a less frequent basis than monthly, but no less frequently than annually;
6. The contractor must identify the method by which it will report discounts, rebates and other applicable credits allocable to the contract that are not reported prior to conclusion of the contract; and
7. The contractor must maintain documentation of costs and discounts, rebates and other applicable credits, and must furnish such documentation upon request to the school food authority, the state agency, or the department.

B. Contracts with Food Service Management Companies: Procedures for selecting and contracting with a food service management company shall comply with guidance provided by the NHDOE, including standard forms, procedures and timelines for solicitation, selection and approval of proposals and contracts.

C. “Buy American” Requirement: NOTE - DAF-3 regarding “domestic preference” requirements for procurements other than for food service.

Under the “Buy American” provision of the National School Lunch Act (the “NSLA”), school food authorities (SFAs) are required to purchase, to the maximum extent practicable, *domestic commodity or product*. As an SFA, the District is required to comply with the “Buy American” procurement standards set forth in 7 CFR Part 210.21(d) when purchasing commercial food products served in the school meals programs. This requirement applies whether the District is purchasing the products directly or when the products are purchased by third parties on the District’s behalf (e.g., food service management companies, group purchasing cooperatives, shared purchasing, etc.).

Under the NSLA, “*domestic commodity or product*” is defined as an agricultural commodity or product that is produced or processed in the United States using “*substantial*” agricultural commodities that are produced in the United States. For purposes of the act, “*substantial*” means that over 51 percent of the final processed product consists of agricultural commodities that were grown domestically. Products from Guam, American Samoa, Virgin Islands, Puerto Rico, and the Northern Mariana Islands are allowable under this provision as territories of the United States.

1. Exceptions: The two main exceptions to the Buy American requirements are:

- a) The product is not produced or manufactured in the U.S. in sufficient and reasonably available quantities of a satisfactory quality; or
 - b) Competitive bids reveal the costs of a U.S. product are significantly higher than the non-domestic product.
2. Steps to Comply with Buy American Requirements: In order to help assure that the District remains in compliance with the Buy American requirement, the administration shall;
- a) Include a Buy American clause in all procurement documents (product specifications, bid solicitations, requests for proposals, purchase orders, etc.);
 - b) Monitor contractor performance;
 - c) Require suppliers to certify the origin of the product;
 - d) Examine product packaging for identification of the country of origin; and
 - e) Require suppliers to provide specific information about the percentage of U.S. content in food products.

DAF 5 - CONFLICT OF INTEREST AND MANDATORY DISCLOSURES

The District complies with the requirements of State law and the Uniform Guidance for conflicts of interest and mandatory disclosures for all procurements with federal funds.

Each employee, board member, or agent of the school system who is engaged in the selection, award or administration of a contract supported by a federal grant or award and who has a potential conflict of interest must disclose that conflict in writing to the administration who, in turn, shall disclose in writing any such potential conflict of interest to NHDOE or other applicable pass-through-entity.

A conflict of interest would arise when the covered individual, any member of his/her immediate family, his/her partner, or an organization which employs or is about to employ any of those parties has a financial or other interest in or received a tangible personal benefit from a firm considered for a contract. A covered individual who is required to disclose a conflict shall not participate in the selection, award, or administration of a contract supported by a federal grant or award.

Covered individuals will not solicit or accept any gratuities, favors, or items from a contractor or a party to a subcontractor for a federal grant or award. Violations of this rule are subject to disciplinary action.

The Superintendent shall timely disclose in writing to NHDOE or other applicable pass-through- entity, all violations of federal criminal law involving fraud, bribery, or gratuities potentially effecting any federal award. The Superintendent shall fully address any such violations promptly and notify the Board with such information as is appropriate under the circumstances (e.g., taking into account applicable disciplinary processes).

DAF 6 - INVENTORY MANAGEMENT - EQUIPMENT AND SUPPLIES PURCHASED WITH FEDERAL FUNDS

Equipment and supplies acquired (“property” as used in this policy DAF-6) with federal funds will be used, managed, and disposed of in accordance with applicable state and federal requirements.

Property records and inventory systems shall be sufficiently maintained to account for and track equipment that has been acquired with federal funds. In furtherance thereof, the following minimum standards and controls shall apply to any equipment or pilferable items acquired in whole or in part under a Federal award until such property is disposed in accordance with applicable laws, regulations and Board policies:

- A. **“Equipment” and “Pilferable Items” Defined**: For purposes of this policy, “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 \$5,000, or the capitalization level established by the District for financial statement purposes. “Pilferable items” are those items, *regardless of cost*, which may be easily lost or stolen, such as cell phones, tablets, graphing calculators, software, projectors, cameras and

other video equipment, computer equipment and televisions.

- B. Records:** The administration shall maintain records that include a description of the property; a serial number or other identification number; the source of the funding for the property (including the federal award identification number (FAIN)); who holds title; the acquisition date; the cost of the property; the percentage of the federal participation in the project costs for the federal award under which the property was acquired; the location, use, and condition of the property; and any ultimate disposition data, including the date of disposition and sale price of the property.
- C. Inventory:** No less than once every two years, the administration shall cause a physical inventory of all equipment and pilferable items to be taken and the results reconciled with the property records. Except as otherwise provided in this policy, DAF 6 inventories shall be conducted consistent with Board Policy.
- D. Control, Maintenance and Disposition:** The Superintendent shall develop administrative procedures relative to property procured in whole or in part with Federal funds to:
 - 1. prevent loss, damage, or theft of the property; any loss, damage, or theft must be investigated;
 - 2. to maintain the property and keep it in good condition; and
 - 3. to ensure the highest possible return through proper sales procedures, in those instances where the District is authorized to sell the property.

DAF 7 - TRAVEL REIMBURSEMENT – FEDERAL FUNDS

The Board shall reimburse administrative, professional and support employees, and school officials, for travel costs incurred in the course of performing services related to official business as a federal grant recipient.

For purposes of this policy, “travel costs” shall mean the expenses for transportation, lodging, subsistence, and related items incurred by employees and school officials who are in travel status on official business as a federal grant recipient.

School officials and district employees shall comply with applicable Board policies and administrative regulations established for reimbursement of travel and other expenses.

The validity of payments for travel costs for all district employees and school officials shall be determined by the Superintendent.

Travel costs shall be reimbursed on a mileage basis for travel using an employee’s personal vehicle and on an actual cost basis for meals, lodging and other allowable expenses, consistent with those normally allowed in like circumstances in the district’s non-federally funded activities, and in accordance with the district’s travel reimbursement policies and administrative regulations.

Mileage reimbursements shall be at the rate approved by the Board or Board policy for other district travel reimbursements. Actual costs for meals, lodging and other allowable expenses shall be reimbursed only to the extent they are reasonable and do not exceed the per diem limits established by Board policy, or, in the absence of such policy, the federal General Services Administration for federal employees for locale where incurred.

All travel costs must be presented with an itemized, verified statement prior to reimbursement.

In addition, for any costs that are charged directly to the federal award, the Business Administrator shall maintain sufficient records to justify that:

- A. Participation of the individual is necessary to the federal award.
- B. The costs are reasonable and consistent with Board policy.

DAF 8 - ACCOUNTABILITY AND CERTIFICATIONS

All fiscal transactions must be approved by the Business Administrator who submits all required certifications.

DAF 9 - TIME-EFFORT REPORTING / OVERSIGHT

The Superintendent will establish sufficient oversight of the operations of federally supported activities to assure compliance with applicable federal requirements and to ensure that program objectives established by the awarding agency are being achieved. The District will submit all reports as required by federal or state authorities.

As a recipient of Federal funds, the District shall comply with the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Section 200.430 of the Code of Federal Regulations requires certification of effort to document salary expenses charged directly or indirectly against Federally-sponsored projects. This process is intended to verify the compensation for employment services, including salaries and wages, is allocable and properly expended, and that any variances from the budget are reconciled.

A. Compensation: Compensation for employment services includes all remuneration, paid currently or accrued, for services of employees rendered during the period of performance under the Federal award, including but not necessarily limited to wages and salaries. Compensation for personal services may also include fringe benefits, which are addressed in 2 CFR 200.431 Compensation – fringe benefits. Costs of compensation are allowable to the extent that they satisfy the specific requirements of these regulations, and that the total compensation for individual employees:

1. is reasonable for the services rendered, conforms to the District's established written policy, and is consistently applied to both Federal and non-Federal activities; and
2. follows an appointment made in accordance with the District's written policies and meets the requirements of Federal statute, where applicable.

B. Time and Effort Reports: Time and effort reports shall:

1. be supported by a system of internal controls which provide reasonable assurance that the charges are accurate, allowable, and properly allocated;
2. be incorporated into the official records of the District;
3. reasonably reflect the total activity for which the employee is compensated by the District, not exceeding 100% of the compensated activities;
4. encompass both Federally assisted and other activities compensated by the District on an integrated basis;
5. comply with the District's established accounting policies and practices;
6. support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one (1) Federal award, a Federal award and non-Federal award, an indirect cost activity and a direct cost activity, two (2) or more indirect activities which are allocated using different allocation bases, or an unallowable activity and a direct or indirect cost activity.

The District will also follow any time and effort requirements imposed by NHDOE or other pass-through entity as appropriate to the extent that they are more restrictive than the Federal requirements. The Superintendent is responsible for the collection and retention of employee time and effort reports. Individually reported data will be made available only to authorized auditors or as required by law.

DAF 10 - GRANT BUDGET RECONCILIATION AND GRANT CLOSEOUT

A. Budget Reconciliation: Budget estimates are not used as support for charges to Federal awards. However, the District may use budget estimates for interim accounting purposes. The system used by the District to establish budget estimates produces reasonable approximations of the activity actually performed. Any

significant changes in the corresponding work activity are identified by the District and entered into the District's records in a timely manner.

The District's internal controls include a process to review after-the-fact interim charges made to a Federal award based on budget estimates and ensure that all necessary adjustments are made so that the final amount charged to the Federal award is accurate, allowable, and properly allocated.

B. Grant Closeout Requirements: At the end of the period of performance or when the Federal awarding agency determines the District has completed all applicable administrative actions and all required work under the grant, the agency will close out the Federal award. If the award passed-through the State, the District will have 90 days from the end of the period of performance to submit to the State all financial, performance, and other reports as required by the terms and conditions of the award.

Failure to submit all required reports within the required timeframe will necessarily result in the Federal awarding agency reporting the District's material failure to comply with the terms of the grant to the Office of Management and Budget (OMB), and may pursue other enforcement actions.

The District must maintain all financial records and other documents pertinent to the grant for a period of three years from the date of submission of the final expenditure report, barring other circumstances detailed in 2 CFR 200.344.

DAF-11 SUB-RECIPIENT MONITORING AND MANAGEMENT

When entering agreements involving the expenditure or disbursements of federal grant funds, the District shall determine whether the recipient of such federal funds is a "contractor" or "subrecipient", as those terms are defined in 2 CFR §200.23 and §200.93, respectively. See also guidance at 2 CFR §200.330 "Subrecipient and contractor determinations". Generally, "subrecipients" are instrumental in implementing the applicable work program whereas a "contractor" provides goods and services for the District's own use. Contractors will be subject to the District's procurement and purchasing policies relative to federal grant funds, relative to bidding requirements for non-federal money projects, etc.). Subrecipients are subject to this Policy.

Under the UGG, the District is considered a "pass-through entity" in relation to its subrecipients, and as such requires that subrecipients comply with applicable terms and conditions (flow-down provisions). All subrecipients of Federal or State funds received through the District are subject to the same Federal and State statutes, regulations, and award terms and conditions as the District.

A. Sub-award Contents and Communication.

In the execution of every sub-award, the District will communicate the following information to the subrecipient and include the same information in the sub-award agreement.

1. Every sub-award will be clearly identified and include the following Federal award identification:
 - a) Subrecipient name
 - b) Subrecipient's unique ID number (DUNS)
 - c) Federal Award ID Number (FAIN)
 - d) Federal award date
 - e) Period of performance start and end date
 - f) Amount of federal funds obligated
 - g) Amount of federal funds obligated to the subrecipient
 - h) Total amount of the Federal award
 - i) Total approved cost sharing or match required where applicable
 - j) Project description responsive to FFATA
 - k) Name of Federal awarding agency, pass through entity and contact information
 - l) CFDA number and name
 - m) Identification of the award is R&D

- n) Indirect cost rate for the Federal award
- 2. Requirements imposed by the District including statutes, regulations, and the terms and conditions of the Federal award.
- 3. Any additional requirements the District deems necessary for financial or performance reporting of subrecipients as necessary.
- 4. An approved indirect cost rate negotiated between subrecipient and the Federal government or between the pass-through entity and subrecipient.
- 5. Requirements that the District and its auditors have access to the subrecipient records and financial statements.
- 6. Terms and conditions for closeout of the sub-award.

B. Subrecipient Monitoring Procedures.

The Superintendent is responsible for having all the District project managers monitor subrecipients. The District will monitor the activities of the subrecipient to ensure the sub-award is used for authorized purposes. The frequency of monitoring review will be specified in the sub- award and conducted concurrently with all invoice submission.

Subrecipient monitoring procedures include:

- 1. At the time of proposal, assess the potential of the subrecipient for programmatic, financial, and administrative suitability.
- 2. Evaluate each subrecipient’s risk of noncompliance prior to executing a sub-award. In doing so, the District will assess the subrecipient’s:
 - a) Prior experience with the same or similar sub-awards.
 - b) Results of previous audits and single audit (if applicable).
 - c) New personnel or new or substantially changed systems.
 - d) The extent and results of Federal awarding agency monitoring.
- 3. Confirm the statement of work and review any non-standard terms and conditions of the sub- award during the negotiation process.
- 4. Monitor financial and programmatic progress and ability of the subrecipient to meet objectives of the sub-award. To facilitate this review, subrecipients are required to submit sufficient invoice detail and a progress report. The District project managers will encourage subrecipients to submit regular invoices.
- 5. Invoices and progress reports will be date stamped upon receipt if received in hard copy. A record of the date of receipt will be maintained for those invoices sent electronically.
- 6. In conducting regular oversight and monitoring, the District project managers will:
 - a) Verify invoices that include progress reports.
 - b) Review progress reports to ensure project is progressing appropriately and on schedule.
 - c) Compare invoice to agreement budget to ensure eligibility of costs and that costs do not exceed budget.
 - d) Review invoice to ensure supporting documentation is included and invoices costs are within the scope of work for the projects being invoiced.
 - e) Obtain report, certification and supporting documentation of local (non- federal)/in-kind match work from the subrecipient.
 - f) Review subrecipient match tasks for eligibility.
 - g) Initial the progress report and invoice confirming review and approval prior to payment.
 - h) Raise any concerns to the Superintendent.
- 7. The Superintendent upon recommendation from the project’s manager, will approve the invoice payment and will initial invoices confirming review and approval prior to payment.
- 8. Payments will be withheld from subrecipients for the following reasons:
 - a) Insufficient detail to support the costs billed;
 - b) Unallowable costs;

- c) Ineligible costs; and/or
 - d) Incomplete work or work not completed in accordance with required specifications.
9. Verify every subrecipient is audited in accordance with 2 CFR §200 Subpart F – Audit Requirements.

C. Subrecipient Project Files. Subrecipient project files will contain, at a minimum, the following:

- a) Project proposal;
- b) Project scope;
- c) Progress reports;
- d) Interim and final products; and
- e) Copies of other applicable project documents as required, such as copies of contracts or MOUs.

D. Audit Requirements.

All subrecipients are required to annually submit their audit and Single Audit report to the District for review to ensure the subrecipient has complied with good accounting practices and federal regulations. If a deficiency is identified, the District will:

- 1. Issue a management decision on audit findings pertaining to the Federal award.
- 2. Consider whether the results of audits or reviews indicate conditions that necessitate adjustments to pass through entity’s own records.

E. Methodology for Resolving Findings.

The District will work with subrecipients to resolve any findings and deficiencies. To do so, the District may follow up on deficiencies identified through on-site reviews, provision of basic technical assistance, and other means of assistance as appropriate.

The District will only consider taking enforcement action against non-compliant subrecipients in accordance with 2 CFR 200.339 when noncompliance cannot be remedied. Enforcement may include taking any of the following actions as appropriate:

- a) Temporarily withhold cash payments pending correction of the deficiency;
- b) Disallow all or part of the cost of the activity or action not in compliance;
- c) Wholly or partly suspend or terminate the sub-award;
- d) Initiate suspension or debarment proceedings;
- e) Withhold further Federal awards for the project or program; and/or
- f) Take other remedies that may be legally available.

District Policy History:

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District revision history:

Legal References:

42 USC 1751 – 66 National School Lunch Act

2 CFR Part 180

2 CFR Part 200

200.0 - 200.99; 200.305; 200.313(d); 200.317-.326; 200.403-.406; 200.413(a)-(c); 200.430; 200.431;

200.458; 200.474(b)

200 Appendix II

7 CFR Part 210

210.16; 210.19; 210.21; 215.14a; 220.16

**ADMINISTRATIVE PROCEDURE FOR:
POLICY DAF 6 - INVENTORY MANAGEMENT - EQUIPMENT AND SUPPLIES
PURCHASED WITH FEDERAL FUNDS**

Inventory Management Procedures for State and Federally Funded Equipment

The maintenance of inventory of equipment is an essential component of internal control. The components of inventory management include procedures for equipment use, equipment management requirements, equipment disposition and supplies disposition. These components are further defined by written procedures for the following areas:

- Acquisition of equipment
- Method for entering information into the District's inventory management system
- On-site use of equipment
- Physical inventory
- Equipment disposition
- Supplies disposition
- Loss, damage or theft of equipment
- Equipment use for federal and state funded programs
- Equipment use for private schools

For purposes of these guidelines, equipment purchased through federal, state and grant funds shall be treated the same, although sometimes only the terms "federal," or "federal and state funded" are used.

New Equipment Inventory Procedures

- All **technology** equipment with a value of \$150 or more, and all **other equipment** with a value of \$5000 or more that has a life of over 5 years is to be given an inventory number and recorded on the District's Federal Grant Inventory Spreadsheet.
 - Remove equipment from the shipping container. Inspect it to be sure all parts have been received and are in good condition.
 - After inspection an inventory code shall be attached. If the company we are procuring the technology equipment from has the capability of labeling the item, the District will have the company put the code onto the equipment.
 - All Information pertaining to the equipment including but not limited to: serial number, vendor, date of purchase, cost, building located in, room located in, should be recorded on the Federal Grant Inventory spreadsheet.

Federal and State Fund Requisition of Equipment

Inventory management procedures begin with a process of determining the need for, and use of the equipment. All equipment purchased with federal or state funds must be in accordance with the regulations of the funding source. In other words, procedures must be in place to ensure all activities, including the purchase of equipment, paid for with federal or state funds are necessary, reasonable, allocable, and allowable. Once purchased, the equipment must continue to be used for that or a related purpose for the life of the grant.

Entry of Information into Inventory Management System

Once equipment has been received the Surry School District must have a procedure in place for the entry of information onto the District's Federal Grant Inventory spreadsheet. The inventory will be available for review and evaluation through the SAU Business Office. Written procedures include the following requirements for equipment items purchased with federal and state funds.

1. All equipment should be properly tagged and labeled for inventory tracking. The label should differentiate federal and state equipment from general fund equipment.
2. The school shall retain such property in a program as long as there is need for such property to accomplish the purpose of the program for which it was purchased.
3. The inventory must be current and available for review and audit at least once every two years. The following information must be included in the recipient's inventory records:
 - A **description** of the equipment.
 - A **serial number**, model number, or other identification number.
 - The **funding source** under which the equipment was acquired.
Note: Equipment purchased with federal, state or other grant funds shall be identified to indicate federal ownership by specific federal program.
 - The **source of property** (vendor).
 - The **acquisition date** and **unit cost**.
 - The **percentage** of the equipment cost paid with federal funds.
 - The current **location** of the equipment.
 - The **condition** of the equipment (e.g., good, fair, poor).
 - The **date** the information was reported on the inventory.
 - All pertinent information on the final transfer, replacement, or disposition of the equipment (including the date of disposal, sale price of the equipment, or donation amount).
 - Inventory must be updated as equipment items are purged or new purchases are made.
 - Equipment items purchased with federal funds are to be identified and physically marked as noted above.
 - Adequate safeguards must be in place related to the loss, damage, or theft of the equipment. Any loss, damage, or theft should be investigated and fully documented.
 - Adequate maintenance procedures should be implemented to keep the equipment in good condition. Facilities and technology staff will ensure that all equipment is maintained and in working order. When applicable, a contractor will be hired to service equipment the operations staff cannot. Routine maintenance of all federally funded equipment will be assured and carried out according to vendor standards.
 - A physical inventory of equipment items must be taken and the results reconciled with the inventory records at least **once every two years**.

Physical Inventory

A physical inventory of equipment purchased with federal or state funds shall be taken and the results reconciled with the equipment records at least once every two years. Any differences between quantities determined by the physical inspection and those shown in the accounting records shall be investigated to determine the causes of the difference. The recipient shall, in connection with the inventory, verify the existence, current utilization, location and condition of the equipment. Documentation shall be maintained of the date and the person conducting the physical inventory. Adequate maintenance procedures shall be

implemented to keep the equipment in good condition.

Disposition of Federally Funded Equipment

The LEA should establish procedures for determining the lifecycle of the equipment, as well as a depreciation methodology.

- (1) Use the equipment for the authorized purposes of the project during the period of performance, or until the property is no longer needed for the purposes of the project.
- (2) Not encumber the property without approval of the Federal awarding agency or pass-through entity.
- (3) Use and dispose of the property in accordance with paragraphs (b), (c) and (e) of this section.
 - (a) The District must use, manage and dispose of equipment acquired under a Federal award by the state in accordance with state laws and procedures.
 - (b) Equipment must be used by the District 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 non-Federal entity must not encumber the property without prior approval of the Federal awarding agency. **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:
 - (i) Activities under a Federal award from the Federal awarding agency which funded the original program or project, then
 - (ii) Activities under Federal awards from other Federal awarding agencies. This includes consolidated equipment for information technology systems.
- (4) During the time that equipment is used on the project or program for which it was acquired, the District must also make equipment 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 Federal awarding agencies that financed the equipment and second preference must be given to programs or projects under Federal awards from other Federal awarding agencies. Use for non-federally-funded programs or projects is also permissible. [CFR 200.313]

Procedures for Disposition of Equipment

When original or replacement equipment acquired with federal or state funds is no longer needed for the original project or program, the equipment may be retained, sold or disposed of, if it is not needed in any other federal or state funded project or program. The SAU Business Office will need to ensure that records are kept and made available for monitors and auditors as to where the equipment was transferred. The following are the procedures to eliminate any equipment item from the inventory:

- (a) Equipment items with an acquisition cost/current per unit fair market value of less than \$5,000 and are more than three years old may be retained, sold or disposed of with no further obligation to the funding source. The decision to retain or sell an item shall be up to the SAU Business Administrator. Private schools must complete the disposition form and forward it to the SAU Business Office for approval of disposition. The disposition of such items should be noted on the equipment inventory maintained by the SAU Business Office.
- (b) Equipment items with an acquisition cost of \$5,000 or more may be retained, donated, or sold.
- (c) The disposition of such items should be noted on the equipment inventory spreadsheet maintained by the SAU Business Office. The SAU Business Office should include the date of disposal and sales price or the method used to determine current fair market value.

Procedures for Disposition of Supplies

Procedures should be in place for the disposition of supplies if there is a residual inventory of unused supplies exceeding \$5,000 in total aggregate fair market value upon termination or completion of the award, and if the supplies are not needed for any other federally sponsored programs or projects, the grantee or sub-grantee shall compensate the awarding agency for its share. The SAU Business Administrator shall make the decision whether to sell, retain, or can be used under other federally sponsored programs. Supplies shall be defined as any equipment with a value less than \$5,000 that need to be tracked through an inventory system.

Loss, Damage or Theft of Equipment

A control system will be developed to ensure that there are adequate safeguards to prevent loss, damage, or theft of the property, including real property, equipment, and pilferable items. These procedures should include adequate safeguards to prevent loss, damage, or theft of the equipment. Possible control features could include:

- Locks or security cameras (for particularly valuable or vulnerable items). Access controls to storage areas to limit entry by unauthorized personnel.
- Use of **logs or sign-in sheets for certain items of property: for example, iPads, laptops, cameras, projectors.**
- Procedures for promptly entering items received onto the District Federal Grant Inventory spreadsheet.
- Process for investigation of any loss, damage and/or theft of equipment. Any loss, damage and/or theft of equipment purchased with federal, state or grant funds should be reported to the following individuals:
 - Business Administrator
 - Accounting Grant Manager
 - IT Director (if applicable)
 - Facilities Director (if applicable)
- Documentation of notification of loss, damage or theft of equipment and, if appropriate, any police reports.

Equipment Use for Participating Private Schools

Federal and state funds may be used to purchase materials and equipment to meet the needs of eligible private school students as allowed by funding sources.

It is important to remember that although the equipment may be used by the private school, the Local Education Agency (LEA) purchasing the equipment retains title and must continue to account for the equipment on its District Federal Grants Inventory spreadsheet. The District shall label all equipment and supplies (if pilferable) and enter them on the District Federal Grant Inventory spreadsheet before sending over to the private school. The SAU Business Office shall require all private schools to implement adequate procedures and internal controls to account for the location, custody, and security of materials and equipment purchased with federal funds for private school use. These procedures must include the proper labeling of materials and equipment purchased with federal funds, and policies and procedures to ensure that private school officials do not use these materials and equipment for non-secular purposes.

The District shall maintain an inventory of all materials and equipment purchased with federal and state funds for use with eligible students at private schools. The inventory shall contain the same

requirements for any equipment purchased with federal and state funds as described in the **Entry of Information into Inventory Management System** section. These requirements are:

- A **description** of the equipment.
- A **serial number**, model number, or other identification number.
- The **funding source** under which the equipment was acquired. Note: Equipment purchased with federal, state or other grant funds shall be identified to indicate federal ownership by specific federal program.
- The **source of property** (vendor).
- The **acquisition date** and **unit cost**.
- The **percentage** of the equipment cost paid with federal funds.
- The current **location** of the equipment.
- The **condition** of the equipment (e.g., good, fair, poor).
- The **date** the information was reported on the inventory.
- All pertinent information on the final transfer, replacement, or disposition of the equipment (including the date of disposal, sale price of the equipment, or donation amount).
- Inventory must be updated as equipment items are purged or new purchases are made.
- Equipment items purchased with federal funds are to be identified and physically marked as noted above.
- Adequate safeguards must be in place related to the loss, damage, or theft of the equipment. Any loss, damage, or theft should be investigated and fully documented.
- Adequate maintenance procedures should be implemented to keep the equipment in good condition.
- A physical inventory of equipment items must be taken and the results reconciled with the inventory records at least **once every two years**.

Additionally, the District requires that the control of the federal and state funds, and the ownership of the materials and equipment purchased with federal or state funds for private schools, shall be in the LEA, and that the District shall administer the funds, materials and equipment as mandated by the State. This is an LEA responsibility rather than the responsibility of the private school.

The District shall approve the requisition forms for ordering materials and/or equipment; have the materials and/or equipment delivered to the SAU Business Office; sign for the delivery of the materials and/or equipment; and label the equipment as federal or state funded to include the fiscal year of purchase and property of the respective school district. Materials and equipment should be stored in a secure location when not in use. The SAU Business Office will follow the same disposition plan for the equipment purchased for participating private school students as with any equipment purchased with federal funds in the public school.

**ADMINISTRATIVE PROCEDURE FOR:
DAF 9 - TIME-EFFORT REPORTING / OVERSIGHT****Employee Time and Effort Reporting**

This procedure applies to all employees funded in whole or in part by federal grants

Purpose

The purpose of this procedure is to ensure compliance with 2 CFR 200.430 related to federally funded employees. Compliance with 2 CFR 200.430 can be assured by following the procedures described herein. "Any employee funded by federal grants must maintain documentation showing that their time is allocable to a federal program." The difference between single and multiple cost objectives is determined by how an employee's time is spent working, not how the employee is funded.

Single Cost Objective Employees

Employees whose salaries and/or wages are funded under a single federal grant cost objective are required to report their time and effort through periodic (semiannual January 1 - June 30 and July 1 - December 31) certifications. The activity must specify that the salary and wages only are funded through the federal grant and does not include benefits costs covered by the general fund.

- Semiannual certifications are due 30 days from the end of the period.
- January I-June 30 semiannual certifications are due no later than July 30.
- July I-December 31 semiannual certifications are due no later than January 31

The key to determining whether an employee is working on a single cost objective is whether the employee's salary and/or wages can be supported in full from the federal grant alone, or if the employee's salary is also paid with non-federal funds. If the employee's duties could be paid in full from the federal source, then the employee has a single cost objective.

The reporting requirements for the semiannual certification are as follows:

- a. The employer's name
- b. The employee's name and position
- c. The name of the federal program and cost objective under which the employee was 100% funded
- d. The reporting period (semiannual, at minimum)
- e. A statement reporting the employee worked solely on that program for the period covered by the certification
- f. The dated signature of the employee and supervisor with firsthand knowledge of the employee's activities

In addition, the certification must meet the following requirements:

- a. Must be completed once in each six-month period
- b. Must be prepared after the work is performed
- c. Must account for total activity performed during the reporting period

Multiple Cost Objective Employees

Employees who work on multiple activities or cost objectives (split funded) are required to maintain monthly *Personnel Time Activity Calendar* (PTAC) to support the distribution of their salaries /wages for the portion of their position covered by the federal grant. The key to determining whether an employee is a multiple cost objective employee is whether the employee's salary and/or wages are paid by more than one federal award program, or are split funded with the general fund.

The PTAC reporting requirements are as follows:

- a. The employer's name
- b. The employee's name and position
- c. A certification statement certifying the distribution of time and effort is correct
- d. The dated signature of the employee and supervisor with firsthand knowledge of the employee's activities
- e. The name of the federal program and cost objective under which work is funded.

In addition, the PTAC must meet the following requirements:

- a. Must be prepared after the work is performed
- b. Must account for total activity for which the employee is compensated for grant work
- c. Must agree with supporting documentation

Stipend Work

Employees who complete grant activity assignments, outside the scope of their employee contracted duties which payment is a flat rate fee for service must complete a Stipend Statement of Work.

Statement of work must meet the following requirements:

- a. Statement of additional work or agreement which will be completed above contract
- b. The timeframe in which the work will be started and ending
- c. The flat payment fee
- d. Signature of the Employee agreeing to complete activity with date of signature

Statement of work must meet the following reporting requirements:

- a. Signature of Employee that the work was completed.
- b. Signature date is completed after the work completion and activity date.
- c. Signature and date of the Supervisor of the activity certifying the completion of the work

Time and Effort Reporting Requirements

Exiting Employees

When an employee is preparing to exit their current position, the employee must submit a final signed and dated PTAC, semiannual certification or Stipend Statement of Work Certification to their supervisor the day they exit. If an employee exits the department and did not complete a final certification, the supervisor with firsthand knowledge of the employees work may sign for that former employee. The supervisor must maintain a final summary PTAC for the exiting employee for three years.

Semi-Annual Certification

Employees that are funded by a single cost objective are required to complete, sign and date the semi-annual certification. The semi-annual certification must be completed as outlined above. The certification document will be provided through the Grants Project Manager

Personnel Time Activity Report (PTAC)

The Grant project manager will provide a PTAC spreadsheet to each of the employees who work on multiple cost objectives and paid by multiple sources. A PTAC calendar will be completed separately for each grant source project.

- The employee will enter the total number of hours worked to the "Hours" column for each day for each grant project. These spreadsheets are to be completed "after the fact" (after the work has been completed).
- Time off, such as vacation, sick or holiday should not be included.
- Once an employee has entered in the required information for the reporting period, the employee will print calendar with a signature and date and submit to their building principal or supervisor.

- A supervisor's signature indicates agreement that the time documented by the employee is accurate to the best of their knowledge.
- Electronic Signatures are acceptable.
- Once PTAC is fully executed with signatures, should be sent to the grant project manager within 30 days of the project completion.

Record Retention

Financial records, supporting documents, must be retained for a period of three years from the date of submission of the final expenditure report for federal awards.

The Business office shall retain the signed and dated PTACs in a secure location for a minimum of three years from the date the grant/award ended.



SAU 91 Surry School District Administrative Procedure

ADMINISTRATIVE PROCEDURE FOR:

DAF 10- GRANT BUDGET RECONCILIATION AND GRANT CLOSEOUT

The purpose of this procedure is to ensure compliance procurement standards in 2 CFR 200.318 through 200.326. The system used by the District for Federal Grants shall establish budget estimates including reasonable approximations of the activity performed. Any significant changes in the corresponding work activity shall be identified and recorded by the District in a timely manner.

Procedure:

The Surry School District only receives the IDEA grant.

The Director of Special Education shall write the IDEA grant every year. When writing the grant, the Director of Special Education will specify what the expense shall be and, when possible, write the name of the vendor in the narrative.

The Director of Special Education shall forward the contract for the services required to the Business Administrator and Bookkeeper. The Bookkeeper will record the vendor and the amount of the contract into QuickBooks and generate a purchase order for each service. The Bookkeeper will notify the Director of Special Education and Business Administrator of all purchase order numbers for future use.

When the Director of Special Education receives invoices during the year that pertain to the written and approved grant, the Director of Special Education shall notify the Business Administrator that the invoice is in relation to the grant and specify the purchase order number. The Business Administrator shall send the invoice to the Bookkeeper with notification of the purchase order number which is associated with the service.

Once the service /contract has been fulfilled, the Director of Special Education will notify Business Administrator and Bookkeeper that the purchase order can be closed. The Bookkeeper shall then close the purchase order.