

# REGULATION

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Adopted 6.9.2020

## **SUBJECT: FEDERAL FUNDS PROCEDURES**

### **INTRODUCTION**

The Federal Uniform Grant Guidance (2 CFR, Part 200), commonly known as UGG, is a set of regulations that establishes rules that apply to all federal grants, regardless of which Federal agency is providing the award. These regulations streamlined the Office of Management and Budget (OMB) Circulars into one comprehensive policy guide. UGG are regulations that establish rules that apply to all federal grants, regardless of which Federal agency is providing the award. These regulations streamlined the Office of Management and Budget (OMB) Circulars into one comprehensive policy guide.

This manual addresses policy, procedures and compliance issues specific to Federal Allocations for Special Education (IDEA, Section 611 and 619) and other Federal grant programs such as those issued in the Every Student Succeeds Act (ESSA) from the United States Department of Education and from other federal agencies.

Many resources were used in developing this sample document including 2 CFR, Part 200, information developed by the Texas Education Agency Region 7, Wisconsin Association of School Business Officials, North Carolina Department of Public Instruction and Florida Department of Education, among others.

### **DEFINITIONS**

#### **BUDGET/ALLOWABLE USE OF FUNDS/COST PRINCIPLES**

- **Advance payment:** means a payment that a Federal awarding agency or passthrough entity makes by any appropriate payment mechanism, including a predetermined payment schedule, before the non-Federal entity disburses the funds for program purposes.
- **Allowable cost:** A cost that complies with all legal requirements that apply to a particular Federal education program including statutes, regulations, guidance, applications and approved grant awards.
- **Education Department General Administrative Regulations (EDGAR):** A compilation of regulations that apply to Federal education programs. These regulations contain important rules governing the administration of Federal education programs, and include rules affecting the allowable use of Federal funds (including rules regarding allowable costs, the period of availability of Federal awards, documentation requirements, and grants management requirements). EDGAR is accessible at <http://www2.ed.gov/policy/fund/reg/edgarReg/edgar.html>.

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- **Omni Circular or 2CFR 200:** Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Federal cost principles that provide standards for determining whether costs may be charged to Federal grants. EDGAR requires all grantees and subgrantees to follow the cost principles set out in 2 CFR 200s at the following: <http://www.ecfr.gov/cgi-bin/text-idx?node=pt2.1.200&rgn=div5>. The Omni Circular, 2CFR 200, and Uniform Grant Guidance are all referring to the same document.

### **PURCHASING**

- **Aggregate** refers to the aggregate amount to be expended during a 12-month period.
- **Purchase Order (PO)** is a document issued by the School District that authorizes a purchase transaction. The PO sets forth the descriptions, quantities, prices, discounts, date and other terms and conditions.
- **Requisition** is the initial purchase request that an employee enters into the District financial accounting software. Once the requisition has moved forward through the approval process it is printed out or emailed as a purchase order and the order is processed.
- **Simplified Acquisition Threshold (SAT)** is the abbreviation for the Federal guideline for Simplified Acquisition Threshold which is \$150,000.

### **CASH MANAGEMENT**

- **Advance payment:** means a payment that a Federal awarding agency or passthrough entity makes by any appropriate payment mechanism, including a predetermined payment schedule, before the non-Federal entity disburses the funds for program purposes.

### **COMPENSATION-PERSONAL SERVICES EXPENSES AND REPORTING**

- **Cost Objective:** A particular grant award or other category of costs used to track specific cost information (e.g. earmarks or set-asides that require the District to track expenditure information to ensure it spends a specific amount for a specific purpose).
- **Employee Compensation:** All amounts paid or accrued to an employee for services rendered during the award period. Compensation includes salaries, fringe benefits, stipends, bonuses and payments made under supplemental contracts. The District may require specific groups of employees to complete time sheets as verification of services rendered during an award period.

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- **Multiple Cost Objectives Employees:** Employees who work on multiple cost objectives such as:
  - More than one Federal award;
  - A Federal award and a non-Federal award;
- More than one activity within a Federal award that is separately tracked by the District (such as set-asides, earmarks or match/in-kind contributions).
- **Single Cost Objective Employees:** Employees who work exclusively on one cost objective.

## **CAPITAL ASSETS**

- **Capitalization policy is used by a District to set a threshold, above which qualifying** expenditures are recorded as fixed assets, and below which they are charged to expense as incurred. The policy is typically set by District administration or the board of education. The capitalization policy also governs whether certain expenditures are accounted for as separate assets, or as part of a larger asset.
- **Computing Devices** are machines used to acquire, analyze, process, and publish data and other information electronically, including accessories (or “peripherals”) for printing, transmitting and receiving, or storing electronic information.  
Information technology systems are computing devices, ancillary equipment, software, firmware, and similar procedures, services (including support services), and related resources.
- **Equipment** is tangible property 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 non-Federal entity for financial statement purposes, or \$5,000. High-risk equipment of less than \$5,000 should also be safeguarded and tracked.
- **High-Risk Assets** are those items identified by the District as easily portable, desirable for personal use or easily marketable.. Currently computers, iPad, multi-media and audio assisted equipment, and other portable technology are considered theft-sensitive and high-risk.
- **Purchase Order (PO)** is a document issued by the School District that authorizes a purchase transaction. The PO sets forth the descriptions, quantities, prices, discounts, date and other terms and conditions.
- **Safeguarding** is defined as providing a reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the District assets that could have a material effect on the financial statements.

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## **RECORDS RETENTION**

- **Permanent Retention Period** means the records should be retained and never destroyed.
- **Records** is defined as information contained in records regardless of its physical form (paper, microfilm, computer disk or tape, or other medium).
- **Retention Period** represents the period of time a document should be kept or “retained”. New York State School Districts should consult Records Retention Schedule ED-1.

## **SUBRECIPIENT MONITORING AND MANAGEMENT**

- **Contract:** A legal instrument by which a non-Federal entity purchases property or services needed to carry out the project or program under a Federal award. The term as used in Part 2 CFR does not include a legal instrument, even if the non-Federal entity considers it a contract, when the substance of the transaction meets the definition of a Federal award or subaward.
- **Contractor:** An entity that receives a contract, i.e. a legal instrument by which a non-Federal entity purchases property or services needed to carry out the project or program under a Federal award.
- **Pass-through Entity (PTE):** A non-Federal entity that provides a subaward to a subrecipient to carry out part of a Federal program.
- **Subaward:** An award provided by a PTE to a subrecipient for the subrecipient to carry out part of a Federal award received by the PTE. It does not include payments to a contractor or payments to an individual that is a beneficiary of a Federal program. A subaward may be provided through any form of legal agreement, including an agreement that the PTE considers a contract.
- **Subrecipient:** A non-Federal entity that receives a subaward from a PTE to carry out part of a Federal program; but does not include an individual that is a beneficiary of such program.

## **BUDGET/ALLOWABLE USE OF FUNDS/COST PRINCIPLES**

### **RATIONALE**

Developing grant budgets must be based on the proposed activities planned and described in the grant application to ensure the intent of the federal program is maintained. Budgeted expenditures must conform to that intent and be allowable under the Omni Circular (2CFR 200) as well as Education Department General Administrative Regulations (EDGAR), described under “Definitions.”

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In compliance with 2CFR §200.302(b)(7) and EDGAR, procedures outlined in this section will enable management and staff to ensure the District is in compliance with the allowability requirements under the terms and conditions of the grant as well as the 2 CFR 200, Subpart E and EDGAR.

## **POLICY**

### **FRAMEWORK FOR ANALYZING ALLOWABLE COSTS**

To determine whether a cost is allowable under the program, staff must become familiar with the requirements under [2 CFR 200, Subpart E](#) and [EDGAR](#), as well as objectives of each grant.

Generally, when analyzing whether a particular cost is permissible, it is useful to perform the following analysis:

- Is the cost specifically included in the District's approved grant budget?
- Is the cost forbidden by Federal laws such as 2 CFR 200, Subpart E or EDGAR? (see below for examples)
- Is the cost permissible under the relevant Federal program?
- Is the cost consistent with the Federal cost principles in 2 CFR 200s?
- Is the cost consistent with program specific fiscal rules?
- Is the cost consistent with an approved program plan and budget, as well as any special conditions imposed on the grant?

While there are other important considerations District staff must take into account when analyzing whether a specific proposed cost is permissible, the above questions can provide a useful framework for the analysis.

### **FEDERAL COST PRINCIPLES**

The Omni-Circular defines the parameters for the permissible uses of Federal funds. While there are many requirements contained in it, it includes core principles that serve as an important guide for effective grants management. These core principles require all costs to be:

- **Necessary** for the proper and efficient performance or administration of the program.
- **Reasonable.** In other words, it should be clear to an outside observer why a decision to spend money on a specific cost made sense in light of the cost, needs, and requirements of the program and that sound business practices were followed and purchases were comparable to current market prices.

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- **Allocable** to the Federal program that paid for the cost. Under 2 CFR §200.405, this means that a program must benefit in proportion to the amount charged to the Federal program—for example, if a teacher is paid 50% with Title I funds, the teacher must work with the Title I program/students at least 50% of the time. This also means that recipients need to be able to track items or services purchased with Federal funds so they can prove they were used for Federal program purposes.
- **Authorized** under state and local rules. This means all actions carried out with Federal funds must be authorized and not prohibited by state and local laws and policies.
- **Adequately documented.** A recipient must maintain proper documentation so as to provide evidence to monitors, auditors, or other oversight entities of how the funds were spend over the lifecycle of the grant.
- **Consistent with policies and procedures.** The same policies and procedures should apply uniformly to both federally-financed and other activities of the District. For example, personnel whose travel is paid with Federal funds is reimbursed at the same rates as personnel whose travel is paid with state or local funds, and the grant is charged accordingly.
- **Not included as a match or cost-share.** An element of cost should not be included as a match or cost-share of another federal program, unless the specific Federal program authorizes Federal costs to be treated as such. Some Federal program statutes require the grantee to contribute a certain amount of non-federal resources to be eligible for the Federal program.
- **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, such as credits. To the extent that such credits accruing to or received by the District relate to the Federal award, they shall be credited to the Federal award, either as a cost reduction or a cash refund, as appropriate.

The Omni-Circular also contains specific rules on selected items of costs. Costs must comply with these rules in order to be paid with Federal funds.

### ALLOWABLE COSTS

Costs that may be Allowable under [2 CFR 200, Subpart E](#) Under Specific Conditions:

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<u>FS-10 Budget Item</u>	<u>Citation</u>
Professional and support salaries	§200.430
	2 CFR Appendix II Contract
Purchased services	provisions
Supplies and materials	§200.453
Travel expenses	§200.474
Employee benefits	§200.431
Equipment	§200.439

### Budget Items for Other Grants

Advisory Councils	§200.422
Audit costs and related services	§200.425
Bonding costs	§200.427
Conferences	§200.432
Depreciation	§200.436
Employee health and welfare costs	§200.437
Insurance and indemnification	§200.447
Maintenance, operations, and repairs	§200.452
Memberships and subscriptions	§200.454
Professional service costs	§200.459
Proposal costs	§200.460
Publication and printing costs	§200.461
Rental costs of building and equipment	§200.465
Training costs	§200.472

### *COSTS FORBIDDEN BY FEDERAL LAW*

2 CFR 200, Subpart E identifies certain costs that may never be paid with Federal funds. The following list provides examples of such costs. If a cost is on this list, it may not be supported with Federal funds. The fact that a cost is not on this list does not mean it is necessarily permissible. There are other important restrictions that apply to Federal funds, such as those detailed in 2 CFR 200s; thus, this list is not exhaustive.

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**UNALLOWABLE COSTS UNDER 2 CFR 200, Subpart E**

- Advertising and public relations costs (with limited exceptions), are prohibited; includes promotional items and memorabilia, including models, gifts, and souvenirs
- Alcoholic beverages
- Bad debts
- Contingency provisions (with limited exceptions)
- Fundraising and investment management costs (with limited exceptions)
- Donations
- Contributions
- Entertainment (amusement, diversion, and social activities and any associated costs)
- Fines and penalties
- General government expenses (with limited exceptions pertaining to Indian tribal governments and Councils of Government (COGs))
- Goods or services for personal use
- Interest, unless specifically stated in §200.441 as allowable

**UNALLOWABLE COSTS UNDER [EDGAR \(PART 76\)](#)**

- The use of funds for religion
- The acquisition of real property (unless specifically permitted by programmatic statute or regulations which is very rare in Federal education programs)
- The use of funds for construction (unless specifically permitted by programmatic statute of regulations which is very rare in Federal education programs)
- Charging tuition or fees collected from students toward meeting matching, cost sharing, or maintenance of effort requirements of a program

**PROGRAM ALLOWABILITY**

Any cost paid with Federal education funds must be permissible under the Federal program that would support the cost.

Many Federal education programs detail specific required and/or allowable uses of funds for that program. Issues such as eligibility, program beneficiaries, caps or restrictions on certain types of program expenses, other program expenses, and other program specific requirements must be considered when performing the programmatic analysis.

Costs must be consistent with the purposes of the program in order to be allowable.



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### PROGRAM SPECIFIC FISCAL RULES

All Federal education programs have certain program specific fiscal rules that apply. Determining which rules apply depends on the program; however, rules such as supplement, not supplant, maintenance of effort, comparability, caps on certain uses of funds, etc. have an important impact when analyzing whether a particular cost is permissible.

Many state administered programs require LEAs to use Federal program funds to supplement the amount of state, local (and in some cases other Federal) funds they spend on education costs, and not to supplant – or replace – those funds. Generally, the “supplement, not supplant” provision means that Federal funds must be used to supplement the level of funds from non-Federal sources by providing additional services, staff, programs, or materials. In other words, Federal funds normally cannot be used to pay for things that would otherwise be paid for with state or local funds (and in some cases with other Federal funds).

Auditors generally presume supplanting has occurred in three situations:

- District uses Federal funds to provide services that the District is required to make available under other Federal, state, or local laws.
- District uses Federal funds to provide services that the District provided with state or local funds in the prior year.
- District uses Title I, Part A or Migrant Education Program funds to provide the same services to Title I or Migrant students that the District provides with state or local funds to nonparticipating students.

These presumptions apply differently in different Federal programs, and also in school wide program schools. Staff should be familiar with the supplement not supplant provisions applicable to their program.

### INDIRECT COST RATE

The New York State Education Department (NYSED) calculates the restricted and unrestricted cost rates for all School Districts within the State of New York. NYSED issues a memo annually to the District stating the restricted and unrestricted costs rates to be used by the District, the period of time the rates are to be used for, and the types of programs/grants that the rates are to be used for.

#### **Applying the Indirect Cost Rate**

The Indirect Cost Rate 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

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particular grant to produce the dollar amount of indirect costs allowable to that award (34 CFR §75.564; 34 CFR §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 CFR §75.564).

### **APPROVED PLANS, BUDGETS AND SPECIAL CONDITIONS**

As required by Omni Circular, all costs must be consistent with approved program plans and budgets. This includes the District's Consolidated Application to the NYSED Department of Public Instruction and school-level plans such as school wide plans.

Costs must also be consistent with all terms and conditions of Federal awards, including any special conditions imposed on the District's grants.

### **REVISION OF BUDGET AND PROGRAM PLANS**

The budget plan is the financial expression of the project or program as approved during the federal grant application process. It shall be related to performance for program evaluation purposes whenever appropriate.

During the year, funding strategies may change for a variety of reasons. If an allowable cost is not in the original budget, a budget amendment must be submitted prior to the submission of the grant claim.

Approval shall be obtained whenever any of the following changes are anticipated under a non-construction award:

- Revision which would result in the need for additional funding.
- Cumulative transfers among direct cost categories, or among separately budgeted programs, projects, functions, or activities which exceed or are expected to exceed ten percent of the current total approved budget.

Districts are required to report deviations from budget and program plans, and request prior approvals for budget and program plan revisions to the New York State Education Department (NYSED), in accordance with this section.

Districts shall request prior approvals from NYSED for one or more of the following program or budget related reasons:

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- Change in the scope or the objective of the project or program (even if there is no associated budget revision requiring prior written approval).
- Change in a key person specified in the application or award document.
- The need for additional District funding.
- The transfer of amounts budgeted for indirect costs to absorb increases in direct costs, or vice versa, if approval is required by NYSED.
- The inclusion of costs that require prior approval in accordance with the Omni-Circular.
- The transfer of funds allotted for training allowances (direct payment to trainees) to other categories of expense.
- Unless described in the application and funded in the approved awards, transfer, or contracting out of any work under an award. This provision does not apply to the purchase of supplies, material, equipment or general support services.

When requesting approval for budget and program plan revisions, Districts shall use NYSED provided grant modules that were used in the application process. District personnel should be aware of NYSED imposed time frames and other restrictions (if any) for budget revisions.

## **TRAINING**

The District will provide training on the allowable use of federal funds to all staff involved in federal programs through activities such as:

- Distributing federal guidance documents;
- Distributing District policies and procedures;
- Developing templates, checklists and other guidance documents as appropriate;
- Internal training sessions;
- Routine staff meetings; and
- Informal technical assistance.

Districts will promote coordination between all staff involved in federal programs through activities such as:

- Routine staff meetings;
- Joint training sessions;
- Policies and procedures that address all aspects of Federal grants management;
- Sharing information that has cross-cutting impact such as single audits, monitoring reports, letters from oversight entities, etc.

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## **SANCTIONS**

Any District employee who violates this Procedure will be subject to appropriate discipline as reflected by comments to be placed in their personnel file.

## **PROCEDURES**

Before Developing the Grant Budget and Submitting the Application: The grant budget must be based on the proposed activities planned and described in the grant application. Prior to developing the budget, the program manager must know the intent of the federal program and the activities that are allowable to be conducted with grant funds. For the purposes of this section, the program manager may be the Assistant Superintendent for Curriculum and Instruction, a building principal, or any individual specifically designated by the Superintendent to manage a grant program. The program manager must coordinate with other District staff as appropriate to conduct the appropriate needs analysis using the appropriate data to determine the goals and objectives for the program and the activities that will be implemented to accomplish the goals and objectives. Once the goals, objectives, strategies, and activities are outlined, then the budget to carry out the identified strategies and activities should be developed.

Prior to completing the application, the program manager develops a detailed budget in a document (such as in an Excel spreadsheet) separate from the application, although it is advisable to use the FS-10 Budget Form as a template to make the submission process more efficient. The program manager coordinates with the District's Business Official in preparing the budget to ensure budgeted items are categorized according to the proper account codes. This detailed budget, which serves as the guide for expenditures and becomes part of the "working papers" maintained by the program manager, is used to complete the application. In most instances, particularly for formula grants, the budget entered into the grant application will not be as detailed. The detailed budget is to be modified or revised as necessary to accommodate changes, which may result in an amendment to the application prior to incurring certain expenditures.

In addition, the program manager will work with stakeholder advisory groups to develop needs assessments before grant activities are budgeted. Collaboration with other District programs and any private schools attended by district students, for some grant funds, is a part of this process so that there is efficient use of resources.

Reviewing and Approving the Budget Prior to Submitting the Application Prior to submitting the grant application, the budget is reviewed by the program manager and the Business Official. Once they have

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verified that planned expenditures are properly coded and the total grant amount is correct, the grant is submitted by the Superintendent.

At least two weeks prior to the grant due date the program manager and Business Official should review the items in the proposed budget to ensure budgeted items are listed in the correct account codes according to grant guidance and the District's classification chart and to ensure the items are allowable. The budget is also reviewed to ensure that any costs requiring specific or prior approval are specifically identified and listed. If the program manager or Business Official determines that a cost is not allowable, then a change is made to either reduce the grant amount or re-direct the unallowable cost to an allowable cost before submission by the Superintendent.

If a specific item of cost is determined to be unallowable the program manager would inform the Business Official and remove the cost from the application and/or budget. If the expense has already occurred and then determined to be unallowable, the Business Official would make a journal entry removing that expense from the budget and reclassifying it to a more appropriate location.

Once the program manager determines that all budgeted items are allowable and are budgeted in the proper account codes, the budget is sent to the Business Official. Generally, the budget receives final approval one week prior to the submission of the grant.

Negotiating the Submitted Application

Once the grant application is submitted to the awarding agency, the designated program contact, usually the program manager assigned to the grant program, is available via phone and/or e-mail in the event that the awarding agency needs to contact the District to negotiate the application or to ask questions or seek clarification related to the proposed program and/or budget. The assigned program manager will seek guidance, if needed, from appropriate District personnel and will respond to any inquiries from the awarding agency as soon as possible but no later than three days. A delay in contacting the awarding agency delays final approval of the grant application, which delays grant program implementation and providing services to intended beneficiaries of the grant.

After Receiving the Approved Application

Within a short time of receiving the approved application from the awarding agency, a complete copy of the application will be provided to the responsible program manager.

If the grant application is approved as submitted, Business Official takes the necessary steps (detailed below) to enter the detailed budget into the budget system. If the award is for a different amount, the program manager will adjust the detailed budget to reflect the change and then coordinate the budget changes with the Business Official.

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All grant budgets are entered into the accounts of the District in the general ledger as approved in the application. Once entered, the Business Official approves the budget, and the budget is ready for activity.

In addition, the following steps are taken to ensure the District is prepared to implement the grant on the beginning date of the grant to maximize the effectiveness of the grants.

Staff hired to work at the District are expected to be highly qualified and well prepared for the position. Program managers manage their programs and budgets according to all Federal, state and local rules. Staff is trained on local policies and procedures in order to ensure timely and effective grant implementation. The Business Official or the Superintendent must approve all grant-related expenditures.

Program managers periodically review their budgets to determine if the program expenditures are being effectively managed. Both program implementation and budgets are reviewed at that time.

As program managers review their budgets and determine changes are needed, they will work with the Business Official to request budget changes and/or amendments to the grant or contract. The Superintendent, Business Official, and program manager will determine if budget changes need to occur. If there are changes to the budget, the program manager will submit the budget changes for the Superintendent's approval.

Program managers will complete any program or compliance reports required by the awarding agency. If the report is due the authorized official must submit. Program managers will coordinate with the District's authorized officials prior to the submission date to ensure all deadlines are met.

### Amending the Application

The District consults and complies with the guidelines and procedures provided by the awarding agency as it pertains to when and how to submit an amendment to an approved application. Procedures are in place to ensure the District does not exceed any maximum allowable variation in the budget.

Monitoring and Amending the Budget and Program Description: Each federal program manager is responsible for monitoring the budget. The federal program manager reviews the expenses to ensure that all funds will be expended in the allowable time frame. Any budget change requests are submitted and approved by the Business Official or Superintendent. If the expenditures or program changes needed require an amendment the Federal program manager completes the amendment and submits the budget changes to the Superintendent for submission. Each awarding agency, and/or fund, has a

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different process for amending the program and budget. The program manager is responsible for understanding the requirements and submitting amendments in the appropriate manner. Program managers review each budget and make determinations regarding the expenses. They discuss both budget and program performance to ensure all funds are spent in an allowable manner that is approved in the application by the awarding agency.

Changes to payroll are requested by the Payroll department monthly and are due by the 15th of each month. Changes to payroll are submitted through the Business Official and are effective based on the new payroll date. If this creates a change in how an employee conducts time and effort the employee and their supervisor will be notified of the change and the effective date. The program manager then updates the employee's job description to match.

### **Attachments to Procedure:**

- Important Sections of the Federal Register Rules and Regulations-Omni-Circular
- Refer to the following link providing NYSED Instructions for IDEA Part B Section 611 and 619 Grant Application and Budget Documents: <http://www.p12.nysed.gov/specialed/finance/2019-20-idea-application-instruction-memo.html>

### **Legal References:**

Education Department General Administrative Regulations  
Federal Education Program Statutes  
General Education Provisions Act  
Omni-Circular

## **PURCHASING**

### **RATIONALE**

The purpose of a purchasing procedure is to ensure that the Westhill Central School District's funds are appropriately spent in the most cost-effective manner and that the purchase has been approved by the required administrative hierarchy. The procedure will also assist District employees in understanding the purchasing process.

### **POLICY**

Policy nos. [5410](#) and [5413](#)

nVision is the financial accounting software that the Westhill Central School District uses for all business accounting.

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The Westhill Central School District's policies for Purchasing and Regulations, Purchasing Authority, Contracting for Professional Services and Authorized Signatures, may amend the procurement methods identified as per §200.381(a) of federal law.

### **PROCUREMENT PROCEDURE**

- Annually the District evaluates its purchases to determine what supplies, materials, services, public work contracts will exceed in the aggregate the required threshold per General Municipal Law of \$20,000 for purchase/service contracts and \$35,000 for public work contracts.
- Based on this analysis the appropriate Bids and Request for Proposals are developed and issued.
- Purchases will be made from the lowest and best bid submitted, based upon the lowest responsible dollar offeror.
- Request for Proposals will be evaluated and awarded based on weighting criteria developed, as part of the specifications.
- The District will provide justification and documentation of any contract awarded to an offeror other than the lowest responsible dollar offeror. The justification and documentation will set forth the reasons why such award is in the best interest of the district and otherwise furthers the purposes of Section 104-B of the General Municipal Law.
- Inferior service or product is cause for the removal of a vendor's name from the bidder's list.
- Bids or Request for Proposals will not be required for purchases made from:
  - County, state or federal contracts
  - Contract of another political subdivision
  - Sole Source items
  - Professional services that require special skill, expertise or training, refer to Policy [5410](#).
  - Articles manufactured in a state correctional facility
  - From agencies for the blind and severely disabled
  - From national cooperative contracts in accordance with applicable law
- Purchases not required to have a Bid or Request for Proposal issued, must adhere to purchasing regulation [5410R](#).
- Requisitioners create electronic requisitions within nVision.
- All requisitions are electronically approved by the appropriate administrator.
- The requisition then moves forward to the Purchasing Agent, for final approval confirming that the purchase is compliant with the District's Purchasing Policy and Regulations.
  - Proper documentation must accompany the requisition and be uploaded into the requisition module, nVision.
- The purchase order is then printed and/or electronically mailed/emailed to the vendor and processed by the business office.

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- Blanket purchase orders for goods or services are valid only for the time period and amount indicated on the purchase order. Examples of blanket POs include paper purchased from school supplies vendor throughout the year. Extension of the commitment beyond that time and/or amount increases shall be properly documented. Blanket POs must go through the same approval process as regular POs.
- An employee will not be reimbursed unless a PO has been processed prior to the actual purchase and has submitted a paid receipt.
- District credit cards are issued on a limited basis. Purchases made with a District credit card must have a PO processed prior to use. Approval of purchases made with a District credit card shall follow the above listed procedures.
- When the product or services are received, the receiver checks off the items received on the packing slip and signs the receiving copy of the PO. The packing slip is then attached to the PO and forwarded to the accounts payable department. When accounts payable receives the bill, accounts payable matches the documents to the PO to ensure the District is only paying for items/services that were received.
- In accordance with Internal Claims Auditor Policy [5320](#), the claims auditor is responsible for formally examining, allowing or rejecting all accounts, charges, claims or demands against the school district.
- The Internal Claims Auditor provides the school board with the internal claims audit report, along with the District's corrective action plan.
- All documents and records retained by the District are in accordance with the New York State ED-1 schedule.

### DEBARMENT AND SUSPENSION

Non-Federal entities are prohibited from contracting with or making subawards under "covered transactions" to parties that are suspended or debarred, or whose principals are suspended or debarred. "Covered transactions" include procurement contracts for goods and services awarded under a grant or cooperative agreement that are expected to equal or exceed \$25,000.

All non-procurement transactions entered into by a recipient (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions, unless they are exempt as provided in 2 CFR section 180.215.

This verification may be accomplished by:

- Checking the Excluded Parties List System (EPLS) maintained by the General Services Administration (GSA). EPLS is no longer a separate system; however, the OMB guidance and agency implementing regulations still refer to it as EPLS and is available at <https://www.sam.gov/portal/public/SAM/>; or,

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- Collecting a certification from the entity; or,
- Adding a clause or condition to the covered transaction with that entity.

The sub recipient cannot make a contract to parties listed on the EPLS through the System for Award Management (SAM). SAM contains the list of names of parties debarred, suspended, or otherwise excluded by federal agencies.

The district's purchasing agent is charged with the responsibility of monitoring and ensuring compliance with the suspension and debarment procedures and documenting that contracts over \$25,000.00 have been verified on the System for Award Management (SAM) site:

- Responsible Contractors/vendors will sign and notarize the District's certification form that is an addendum to our contract or part of our BID/RFP.
- The Administrator of the grant will be responsible for checking the site for verification.
- The certification form must be signed and notarized prior to any purchase and attached as supporting documentation to the purchase order.
  - A copy of the form must be retained.

This process will be done for all new vendors and existing vendors will be checked annually. Documentation should be maintained in the applicable vendor file.

### WRITTEN PROCEDURES

#### § 200.319 Full and Open Competition

All procurement transactions must be conducted in a manner providing full and open competition. In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, or invitation 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 affiliated companies.
- Noncompetitive contracts to consultants that are on retainer contracts.
- Organizational conflicts of interest.
- Specifying only a "brand name" instead of allowing "an equal" product to be offered and describing the performance or other relevant requirements of the procurement.
- Any arbitrary action in the procurement process.

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## SUBJECT: FEDERAL FUNDS PROCEDURES Cont'd

To ensure adequate competition:

- **Geographical preferences** are 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. Geographic location may be a selection criterion provided its applications leaves an appropriate number of qualified vendors given the nature and size of the project to compete for the contract.
- **Prequalified lists** of person, firms or products which are used in acquiring goods and services must be current and included enough qualified sources to ensure maximum open competition. The District must not preclude potential bidders from qualifying during the solicitation period.
- **Solicitation language** must incorporate clear and accurate descriptions of the technical requirements for the material, product, or service to be procured. The description must not contain features that will restrict competition. The description may include a statement of qualitative nature of the material, product or service to be procured and must set forth minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use. Detailed product specifications should be avoided. A “brand name or equivalent” description may be used, as a means to define the performance or other salient requirements of procurement, when it is impractical or uneconomical to make a clear and accurate description of the technical requirements. The specific features of the named brand which must be met by offerors must be clearly stated. Identify all requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals.

### § 200.320 Methods of Procurement

Please refer to Purchasing Policy and Regulations, Purchasing Authority, Contracting for Professional Services and Authorized Signatures for guidance.

The following five methods are acceptable methods of procurement per the uniform grant guidance:

- A. **Micro-purchases** of supplies and services for similar like purchases in the aggregate of \$3,000 or less (\$2,000 for purchases subject to Davis-Bacon) do NOT require quotes to be received and effort should be made to distribute evenly these purchases to qualified suppliers.
- B. **Small purchases** of supplies or other property and services in excess of the yearly aggregate of \$3,000 and do not exceed the yearly aggregate of \$150,000 do require quotes but NO pricing analysis. If used, price or rate quotations must be obtained from an adequate number of qualified sources. The yearly aggregate threshold of \$150,000 is inflation adjusted periodically and could change in the future.

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**SUBJECT: FEDERAL FUNDS PROCEDURES Cont'd**

- C. **Sealed bids** are required for purchases for similar like items in excess of the aggregate of \$150,000. Firm fixed price is awarded and must include at least two responsible bidders. Bids will be opened publicly, and award is usually to lowest bidder (based on fixed price). Sealed bids are publicly solicited and a firm-fixed-price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming to all the material terms and conditions of the invitation for bids, is the lowest price. If the District chooses a bid that was not the lowest, the District documents its selection as described in its procurement procedures (paragraph 4).
- D. **Competitive proposals** used for projects over the yearly aggregate of \$150,000 and may be fixed price or cost reimbursement
- 1) This method is typical for architectural/engineering professional services and price is not used. Instead contract is awarded to most qualified competitor with compensation subject to negotiation.
  - 2) Section 200.320(d) Specific requirements for competitive proposals are as follows:
    - Requests for Proposals must be publicized and identify 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;
    - The non-federal entity must have a written method for conducting technical evaluations of the proposals received and for selecting recipients;
    - Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered.
- E. **Noncompetitive proposals** (sole source) 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:
- 1) Item is only available from a single source;
  - 2) The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
  - 3) The Federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the non-Federal entity; or
  - 4) After solicitation of a number of sources, competition is determined inadequate. Follow Appendix II to Part 200 which has specific information for Equal Employment Opportunity, Davis Bacon Act, contract work hours, safety standards, and debarment and suspension.

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### § 200.321 Contracting with Small and Minority Businesses, Women's Business Enterprises, and Labor Surplus area firms

The District will take all necessary affirmative steps to assure that minority businesses, women's business enterprises and labor area surplus firms are used when possible.

Affirmative steps include:

- Placing qualified small and minority businesses and women's business enterprises on solicitations lists and assuring they are solicited whenever they are potential sources.
- Divide total requirements when economically feasible into smaller tasks or quantities to permit maximum participation by small and minority businesses and women's business enterprises.
- Using the services and assistance of such organizations as the Small Business Administration and the Minority Business Development agency of the Department of Commerce
- Requiring the prime contractor, if subcontracts are to be let, to take affirmative steps listed above.

The District will also procure recovered materials and comply with section 6002 of the Solid Waste Disposal Act as amended by the Resource Conservation and Recovery Act.

### § 200.322 Procurement of Recovered Materials

Procurement of recovered materials must comply with section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. The District will procure only items designated in guidelines of the EPA that contain the highest % of recovered materials practicable and where the purchase price of the items exceeds \$10,000.00 or the value of what was purchased the previous year exceeded \$10,000.00.

### § 200.323 Contract Cost and Price Analysis

The District must perform a cost or price analysis with every procurement action more than the SAT \$150,000, or lower state or local threshold, refer to District Policy, including contract modifications. Before receiving bids or proposals, an independent estimate must be made by the District. In all cases where a cost analysis is performed, the District must negotiate profit as a separate element of the price for each contract in which there is no price competition. Costs or prices based on estimated costs for contracts are allowable only when costs incurred, or cost estimates are included in negotiated prices. The cost plus % of cost and % of construction cost methods **MUST NOT** be used. The method and degree of analysis is dependent on the facts surrounding the procurement situation and documentation should be maintained in procurement files.

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**SUBJECT: FEDERAL FUNDS PROCEDURES Cont'd**

To establish a fair and reasonable profit, consideration must be given to:

- Complexity of work to be performed
- Risk borne by the Contractor and the Contractor's investment
- Amount of subcontracting
- Quality of its record of past performance
- Industry profit rates for similar work in geographical area

§200.324 Federal Awarding Agency or Pass through Agency Review

The District must make available, upon request to the federal awarding agency or pass-through entity, technical specifications on proposed procurement where the federal awarding agency or passthrough entity believes such review is needed to ensure that the item or service specified is the one being proposed for acquisition. This review will generally take place prior to the time the specification is incorporated into a solicitation document. However, they may request to review the specifications after the solicitation has been developed. The District must also make available upon request all procurement documents during the procurement review.

§ 200.325 Bonding Requirements

For construction or facility improvement contracts or subcontracts exceeding the SAT, the federal awarding agency or pass-through entity may accept the bonding policy and requirements of the non-federal entity provided that the federal awarding agency or pass-through entity has made a determination that the Federal interest is adequately protected. If such determinations have not been made the minimum requirements must be as follows:

- Bid guarantee (Bid Bonds) equivalent to 5% of the bid price
- Performance bond for 100% of the contract price
- Payment bond for 100% of the contract price

§ 200.326 Contract Provisions

The District's contracts must contain the applicable provisions described in Appendix II to Part 200 - Contract provisions for Non-Federal Entity Contracts Under Federal Awards.

All contracts made under federal awards must contain provisions covering the following as applicable:

- Contracts for more than the SAT (\$150,000) must address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as appropriate
- All contracts more than \$10,000 must address termination for cause and convenience including the manner by which it will be affected and the basis for settlement

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## **SUBJECT: FEDERAL FUNDS PROCEDURES Cont'd**

- Equal Employment Opportunity
- Davis Bacon Act
- Contract Work Hours and Safety Standards
- Right to Inventions Made Under a Contract or Agreement
- Clean Air Act
- Debarment and Suspension
- Byrd- Anti Lobbying Amendment
- Procurement of Recovered Materials

### *SETTLEMENT 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.

### *PROTEST PROCEDURES TO RESOLVE DISPUTE*

The District maintains protest procedures to handle and resolve disputes relating to procurements and in all instances, discloses information regarding the protest to the awarding agency. The Assistant Superintendent for Business Administration is responsible for evaluation and award of the contract. The Assistant Superintendent for Business Administration is also responsible for completing protest procedures in accordance with state and local law. The position and/or office that reviews the protest should be different than the one that awarded the contract.

Protest procedures should include:

- How potential vendors receive notice of ability to protest;
- What position/office receives the protest;
- What position/office reviews the protest;
- Whether a report of the review is provided to the complainant, and;
- Timeframes for both making the protest and reviewing the protest.

#### **Applicable Federal laws include:**

- §200.318 General procurement standards
- §200.319 Competition
- §200.320 Methods of procurement to be followed
- §200.321 Contracting with small and minority businesses, women's business enterprises, and labor surplus area firms

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## **SUBJECT: FEDERAL FUNDS PROCEDURES Cont'd**

- §200.322 Procurement of recovered materials
- §200.323 Contract cost and price
- §200.325 Bonding requirements
- §200.326 Contract provisions

## **CONFLICT OF INTEREST**

### § 200.318(c) General Procurement Standards

*(1) The non-Federal entity must maintain written standards of conduct covering conflicts of interest and governing the performance of its employees engaged in the selection, award and administration of contracts.*

*(2) If the non-Federal entity has a parent, affiliate, or subsidiary organization that is not a state, local government, or Indian tribe, the non-Federal entity must also maintain written standards of conduct covering organizational conflicts of interest.*

In accordance with the Omni Circular implementation the following conflict of interest policies must be followed by all districts.

## **EMPLOYEE CONFLICT OF INTEREST**

### Code of Ethics and Conflict of Interest

The Omni Circular includes the following provisions and must be addressed in school district policy: *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 School District may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts. However, the School District may set standards for situations in which the financial interest is not substantial, or the gift is an unsolicited item of nominal value. The standards of conduct must provide for disciplinary actions to be applied for violations of such standards by officers, employees or agents of the School District.*

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Substantial state and federal requirements exist pertaining to standards of conduct and conflict of interest. In accordance with the District's Policy, the Westhill Central School District maintains written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award, and administration of contracts. In addition to any penalty contained in any other provision of law, any person who shall knowingly and intentionally violate any of the provisions of these policies may be fined, suspended or removed from office or employment, as the case may be, in the manner provided by law.

### **ORGANIZATIONAL CONFLICT OF INTEREST**

Code of Ethics and Conflict of Interest

*Organizational conflicts of interest mean that because of relationships with a parent company, affiliate, or subsidiary organization, the School District is unable or appears to be unable to be impartial in conducting a procurement action involving the related organization (non-profit organizations).*

The Westhill Central School District has adopted Code of Ethics and Conflict of Interest policy 6110, setting forth the standards of conduct required of all Board members, district officers and employees under the provisions of the General Municipal Law. In accordance with policy, no Board member, officer or employee shall have an “*interest*” (i.e., receive a direct or indirect benefit as the result of a contract with the district) in:

- a firm, partnership or association in which he/she is a member or employee;
- a corporation in which he/she is an officer, director or employee;
- a corporation in which he/she, directly or indirectly, owns or controls 5% or more of the stock;
- a contract between the district and his/her spouse, minor child or dependents, except for employment contract between the school district, a spouse, minor child or dependent of a Board member authorized by §800(3) of the General Municipal Law or §3016 of the Education Law.

In addition to the above, a Board member, officer or employee may be involved as a volunteer, officer or employee in a charitable organization which has a relationship with the district. If a Board member is a board member, officer or employee of the charitable organization the Board member must disclose such relationship in writing to the district, and the Board member must recuse himself or herself from any discussions or votes relating to the charitable organization which may come before the Board. When participating in the activities of the charitable organization, the Board member, officer or employee shall not disclose any confidential information learned in the course of his or her official duties or use such information to further personal interests. Additionally, the Board member, officer or employee shall not make representations on behalf of the district unless specifically authorized to do so by the Board.

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## **DISCLOSING CONFLICT OF INTEREST**

Code of Ethics and Conflict of Interest

*The School District must disclose in writing any potential conflict of interest to NYSED in accordance with applicable Federal awarding agency policy.*

In accordance with the policies, any Board member, officer or employee of the Westhill Central School District, whether paid or unpaid, must publicly disclose the nature and extent of any interest they or their spouse have, will have or later acquire in any actual or proposed contract, purchase agreement, lease agreement or other agreement involving the school district (including oral agreements), to the governing body and his/her immediate supervisor (where applicable) even if it is not a prohibited interest under applicable law. Such disclosure must be in writing and made part of the official record of the school district. Disclosure is not required in the case of an interest that is exempted under Section 803(2) of the General Municipal Law. The term “interest” means a pecuniary or material benefit accruing to an officer or employee.

The Board of Education for the Westhill Central School District affirms its commitment to adhere scrupulously to all applicable provisions of law regarding material conflicts of interest. Knowing or willful violation of the District’s policy 6110 by any employee may result in disciplinary action up to and including dismissal. Any officer, employee or member of the public noting or suspecting a violation of these policies is encouraged to bring the matter, either in confidence or in public, to the Board of Education or the Superintendent of Schools.

## **CONFLICT OF INTEREST PROCEDURE**

The District will conspicuously post its code of ethics and conflict of interest policy on the district’s website. All Board of Education members and employees involved with the purchasing process will complete, and file with the District Clerk, the attached “Conflict of Interest and Disclosure Form”.

## **CASH MANAGEMENT**

### **POLICY**

The District must minimize the time elapsing between the transfer of funds from NYSED and the disbursement by the District whether the payment is made by electronic funds transfer, or issuance or redemption of checks, warrants, or payment by other means. Two methods are provided in federal

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regulations: advance payment and reimbursements. Records that identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation.

### **ADVANCE PAYMENTS**

If the District receives payment in advance it must maintain or demonstrate the willingness to maintain both written procedures that minimize the time elapsing between the transfer of funds and disbursement by non-Federal entity, and financial management systems that meet the standards for fund control and accountability.

#### **Advance payment Procedure**

Non-Federal entities must be authorized to submit requests for advance payments and reimbursements at least monthly when electronic fund transfers are not used, and as often as they like when electronic transfers are used, in accordance with the provisions of the Electronic Fund Transfer Act. Whenever possible, advance payments must be consolidated to cover anticipated cash needs for all Federal awards made by the Federal awarding agency to the recipient.

Advance payments of Federal funds:

- Must be deposited and maintained in insured accounts whenever possible
- Must be maintained in interest-bearing accounts, unless the following apply:
  - The District receives less than \$120,000 in Federal awards per year.
  - The best reasonably available interest-bearing account would not be expected to earn interest in excess of \$500 per year on Federal cash balances.
  - Interest earned amounts up to \$500 per year may be retained by the District for administrative expense. If the District earns any additional interest on Federal advance payments deposited in interest-bearing accounts, contact NYSED or follow procedures stated in §200.305(9).
  - 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.

### **REIMBURSEMENT**

Reimbursement is the preferred method of payment when the District is unable to minimize the time elapsing between the transfer of funds and disbursement

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### **PROGRAM INCOME**

Program income means gross income earned by the District that is directly generated by a supported activity or earned as a result of the federal award during the grant's period of performance. Program income must be used in accordance with the provisions of §200.307(e).

### **WRITTEN PROCEDURE**

Payment §200.302(b)(6) Written procedures to implement the requirements of §200.305 Payment.

### **RECEIVING FUNDS**

#### **A. Cash/Check Received**

- The individual (teacher, secretary, etc.) turning in cash/checks records a list of payees and amounts (use of a standard form is encouraged, i.e. class list with checkbox for each student receipt) or a receipt to turn in with the funds that they are depositing with the treasurer.
- The treasurer reconciles the amount, letting the depositor know of any discrepancies and receipts all deposits (cash and checks.)
- The business office verifies all deposits via online banking or through monthly bank statements.
- Deposits are receipted into financial accounting software by the business office staff.
- Cash receipts for student activity funds are recorded at the individual school and deposited by the treasurer in a timely manner.
- Lunch deposits are made online or by a food service employee. Students/families can deposit money into their lunch account by sending cash or check to the school lunch cashier or deposit funds on-line through electronic deposit company. The food service employee credits matching funds amounts into the student specific lunch fund. The food service employee submits a monthly report of deposits made to the business office. The business office monitors the lunch account daily via the on-line banking system.
- All government aid payments are received via ACH to the District master account. The business office completes a receipt for these payments and receipts them into financial accounting software each month.
- The Business Office reconciles all bank accounts on a monthly basis.
- The Business Office transfers funds online between bank accounts as needed or has sweep accounts to utilize bank investment accounts.

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### **B. Federal Grants**

- Budget is created and updated by grant administrator and approved by business manager in addition to the superintendent. The budget is submitted to the appropriate grant office using form FS-10.
- Expenditures must be approved by individual grant administrator along with the Purchasing Agent. All expenditures must fall within the grant guidelines of the submitted budget.
- Receipts must be turned into business office showing items matching the budget and signed off by the grant administrator.

### **C. Claims**

- The purchasing agent approves expenditures and ensures claims are filed quarterly by the district treasurer.
- Claims are monitored and approved by the superintendent or business manager each quarter.
- District will provide funds for grants to cover grant expenditures until they are reimbursed through the claim process.
- Claims not paid in a reasonable amount of time will be investigated by the business manager or designated persons.

### **D. Receipt of Claim**

- The Business Manager verifies funds are received through bank records.
- The deposit records are entered into financial accounting software by the business office.
- Receipts will be reconciled with the claim and discrepancies will be investigated.

The District utilizes various bank and investment accounts with Bank and a Local Government Investment Pool Account. Accounts include:

Master  
Accounts Payable Checking  
Payroll  
Investment  
Various other debt, investment and student activity accounts.

The District must minimize the time elapsing between the transfer of funds from NYSED and the disbursement by the District whether the payment is made by electronic funds transfer, or issuance or redemption of checks, warrants, or payment by other means.

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## **COMPENSATION-PERSONAL SERVICES EXPENSES AND REPORTING**

### **COMPENSATION-PERSONAL SERVICES EXPENSES**

Costs of personal service compensation are allowable for a federal award to the extent that they satisfy the specific requirements of federal statute §200.430 Compensation—personal services. Charges to Federal awards must be based on records that accurately reflect the work performed. These records must:

- Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated
- Be incorporated into the official records of the subrecipient

Compensation for employees engaged in work on federal awards will be considered reasonable to the extent that it is consistent with that paid for similar work in other activities of the District.

### **PROCEDURES**

All employees paid with Federal funds must adhere to the procedures to complete the appropriate personnel records. These procedures also apply to employees paid with non-Federal funds that are used as a match (or in-kind contribution) in a Federal program. The personal service compensation must reasonably reflect the total activity for which the employee is compensated by the subrecipient and cannot exceeding 100% of compensated activities.

#### **A. Determining Cost Objectives**

Process Owners: Assistant Superintendent for Curriculum & Instruction and the Assistant Superintendent for Business Administration

A cost objective is defined as a Federal grant award or other category of costs the District used to track specific cost information. In certain circumstances, the District may track the time employees spend on particular activities within a single Federal grant in order to demonstrate compliance with Federal requirements such as earmarks, set-asides or match/in-kind contributions. When the District uses employee compensation costs to meet these requirements they are known as “cost objectives.” In such a circumstance, an individual grant program may have more than one cost objective.

The Assistant Superintendent for Curriculum and Instruction will determine the cost objective for each employee and the business office will provide appropriate means of documenting time spent on activities to satisfy the Federal grant requirements.

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**SUBJECT: FEDERAL FUNDS PROCEDURES Cont'd**

**B. Standards for Documentation**

Process Owners: Assistant Superintendent for Curriculum & Instruction and the Assistant Superintendent for Business Administration

Charges for federal awards for salaries and wages must be based on records that accurately reflect the work performed. In accordance with §200.430, these records must:

- Be supported by a system of internal controls which provides reasonable assurance that the charges are accurate, allowable, and properly allocated 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 cost objectives if the employee works on:
  - More than one federal award
  - A federal award and non-federal award
  - An indirect cost activity and direct cost activity
  - An unallowable activity and a direct or indirect activity

All employees who are paid in full or part with federal funds must keep specific documents to demonstrate the amount of time they spend on grant activities. This includes and employee whose salary is paid with state or local funds but is used to meet a required match or cost share for a federal program. These documents, known as time-and-effort records, are maintained in order to charge personnel costs to federal grants. Time and effort records must be maintained contemporaneously (as work occurs) and must contain the following elements:

- The activity (a brief description of what the employee did)
- Time frame (the amount of time it took the employee to do the work), and
- Funding source/program or other cost objective

Time-and-effort records must also:

- Be executed after the work is completed, and not before
- Account for the total activities of the employee (100% of their time) including employees working part time or overtime
- Specify the reporting period

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- Be signed and dated by the employee
- Time and Effort records will be filed in the business office and will be retained as per Record Retention Schedule ED-1.

### **C. Multiple Cost Objective Employees**

Employees working on multiple cost objectives need to support the distribution of the compensation among cost objectives if the employee works on multiple, unrelated activities per grant guidelines. The federal grant subrecipient determines process to determine what amount gets charged to the grant.

- Sample Time and Effort records can be found in Appendix 4.

### **D. Reconciliation**

Process Owners: Assistant Superintendent for Curriculum & Instruction and the Assistant Superintendent for Business Administration

It is the District's practice to charge employee compensation costs to Federal programs based on budget estimates that reasonably approximate how an employee will work during the year. Documentation records should be adjusted in a timely manner if there are significant changes in the employee's work activity. District will reconcile payroll charges reflected in employee records at least annually, however it is recommended that the reconciliation occur quarterly or semi-annually. The District needs to determine if the time necessary maintaining supporting documentation is worth charging as a direct cost onto a Federal grant.

If the District identifies a variance between how an employee's salary was charged and how the employee actually worked, the District will adjust its payroll charges so that the amount charged to Federal funds reflects the employee's actual time and effort. The District will perform the adjustment at least annually, however it is recommended that the reconciliation occur quarterly or semi-annually. The final claim form should reflect actual (reconciled) amounts, not budget estimates.

All necessary adjustments must be made such that the final amount charged to the Federal award is accurate, allowable, and properly allocated.

### **E. Document Retention**

Process owners: Assistant Superintendent for Business Administration  
Time and Effort records must be maintained for a period of five (5) years.

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**Legal References:** 2 CFR, Part 225,  
Federal Statutes §200.430 Compensation—Personal Services  
General Education Provisions Act  
Omni-Circular

## **EQUIPMENT AND SAFEGUARDING ASSETS**

### **RATIONALE**

The maintenance of accurate records of District-owned land, buildings, furniture, equipment, intellectual property and materials is essential to any well-managed school.

### **POLICY**

The School Board, therefore, instructs the administration to establish and maintain an inventory system which will account for these on an annual basis (not less than once every two years - UGG) in accordance with generally accepted accounting principles. The inventory shall be conducted by building staff; departments or third parties using forms made available by the District office. The Procedure itself will need to identify the staff responsible by title for your District and the timing each year the task is expect to occur and be completed by. Inventories are to be taken in the spring of each year, prior to the close of the school year. A copy of the complete inventory shall be filed in the District office.

School districts are required by state law to safeguard assets of the District (identify by title responsible party). Assets acquired with Federal awards vest with the District subject to authorized use until the property is no longer needed for the project purpose, maintained un-encumbered and ultimate proper disposal. In addition, the terms of some Federal grants and bond covenants require specific identification of assets acquired with those moneys, impose restrictions on disposing of such assets and/or designate allowable uses of the proceeds of the sale of such assets.

### **PROCEDURES**

All employees must adhere to the procedures to ensure the appropriate capitalization and safeguarding of assets with a useful life of more than one year.

### **WRITTEN PROCEDURES**

Employees must adhere to the following procedures to ensure goods are maintained in a properly controlled and secured environment.

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When the product or services are received, the receiving or the business office checks off the items received on the packing slip and the PO. The packing slip is then attached to the PO. When accounts payable receives the bill, accounts payable matches the documents to the PO to ensure the District is only paying for items/services that were received.

The Business Office provides the school board a detailed list of paid or unpaid checks for approval. The board approves the list at their next meeting.

### **INVENTORY**

The District needs to be able to provide information where the item is located. Item should be readily identifiable if purchased with Federal grant.

### **WRITTEN PROCEDURES**

The inventory shall be updated by building staff and/or departments on an annual basis, during the spring of each year. Federal Uniform Grant Guidance requires the inventory to occur at least once every two years (section 200.313 (d)(2)). A copy of the complete inventory shall be filed in the district office, to better coordinate all the inventory items.

Inventories must contain tag number, if applicable, description of the property, serial number or other I.D. number, source of funding, acquisition date, cost, vendor, and location. (Federal Uniform Grant Guidance section 200.313 (d)(1)).

1. Fixed assets are tagged with a District asset tag number by the department. The department is responsible for maintaining these inventories, including separate inventories for items purchased with federal funds.
2. District staff are required to update inventories for equipment valued over the thresholds set by Board of Education Policy 5620 Inventories and Accounting of Fixed Assets that are contained within their building. (Federal Uniform Grant Guidance requires a capitalization level of not more than \$5,000 per unit acquisition cost, per section 200.333). An inventory of high-risk assets should also be performed every two years regardless of dollar amount.
3. District staff are also required to update inventories for non-consumable object purchases contained within their building.
4. Adequate maintenance should be performed to keep property in good condition.
5. Prior year inventory listings should be reviewed to assist in identifying assets missing, junked or sold during the current fiscal year.

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### **DISPOSAL**

- A. All School property and equipment deemed surplus shall be disposed of at the discretion of the School Board.
- B. When 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, except as otherwise provided in Federal statutes, regulations, or Federal awarding agency disposition instructions, the School District must request disposition instructions from the Federal awarding agency, if required by the terms and conditions of the Federal award. Disposition of the equipment will be made as follows, in accordance with the Federal awarding agency disposition instructions
  - 1) Items of equipment with a current per unit fair market value of \$5,000 or less may be retained, sold or otherwise disposed of with no further obligation to the Federal awarding agency.
  - 2) If the Federal awarding agency fails to provide requested disposition instructions within 120 days, items of equipment with a current per-unit fair-market value in excess of \$5,000 may be retained by the School District or sold. The Federal awarding agency is entitled to an amount calculated by multiplying the current market value or proceeds from sale by the Federal awarding agency's percentage of participation in the cost of the original purchase. If the equipment is sold, the Federal awarding agency may permit the School District to deduct and retain from the Federal share \$500 or ten percent of the proceeds, whichever is less, for its selling and handling expenses.
  - 3) The District may transfer title to the property to the Federal Government or an eligible third party.

### **LOST OR STOLEN ITEMS**

Lost or stolen property should be reported to the building principal or program director as soon as the individual is aware of the missing item. The building principal or program director should then report the lost or stolen item to the superintendent or his/her designee. Lost or stolen items should include an explanation of what happened to the item as available.

If an item is valued at \$250 or more, a police report should be filed and included with the insurance claim.

### **REFERENCES IN UNIFORM GRANT GUIDANCE**

Capital Assets §200.12

Equipment (Defined) §200.33

Equipment §200.313

- Title §200.313(a)
- Management Requirements §200.313(d)
- Use and Disposition of Equipment §200.313(e)

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## **RECORDS RETENTION**

### **RATIONALE**

The purpose of a Records Retention procedure is to ensure that necessary records and documents of the District are adequately protected and maintained and to ensure that records that are no longer needed by the District, or are of no value are discarded at the proper time. The procedure will also assist District employees in understanding their obligations in retaining documents.

### **PROCEDURE**

- A. The District will comply with the New York State Records Retention and Disposal Schedule ED-1, as updated from time to time. A printed copy of the New York State Records Retention and Disposal Schedule ED-1 can be found in the District Office.
- B. If retention requirements under Federal Uniform Guidance requires a longer period the District will comply with OMB Part 200, Section 200.333 Retention Requirements for Records. Generally, Section 200.333 requires retention for three years from the date of submission of the final expenditure report or the submission of the quarterly or annual financial report to the Federal awarding agency or pass-through entity. Special conditions extend this period for any litigation, claim or audit started, notification received from awarding, cognizant or oversight agency to extend, records for real property or equipment (three years from disposition) and program income transaction occurring after the period of performance. If records are transferred to the awarding agency the retention period is not applicable. Further specific conditions apply to indirect cost rate proposal and cost allocations plan as to when the three-year period commences.

**Attachments to Procedure:** An electronic copy of New York State Records Retention and Disposal Schedule ED-1 can be found at: [http://www.archives.nysed.gov/records/retention\\_ed-1](http://www.archives.nysed.gov/records/retention_ed-1)

## **SUBRECIPIENT MONITORING AND MANAGEMENT**

### **RATIONALE**

The District may concurrently receive Federal awards as a recipient, a subrecipient, and a contractor, depending on the substance of its agreements with Federal awarding agencies and pass-through entities (PTEs). Therefore, a PTE must make case-by-case determinations whether each agreement it makes for the disbursement of Federal program funds casts the party receiving the funds in the role of a subrecipient or a contractor.

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### **POLICY**

#### **SUBRECIPIENT / CONTRACTOR DETERMINATION**

A non-federal entity may concurrently receive Federal awards as a:

- Recipient
- Subrecipient
- Contractor

PTE must make case-by-case determination whether each agreement it makes for the disbursement of federal program funds casts the party receiving the funds in the role of a Subrecipient, or Contractor.

The differences between Subrecipient and Contractor are as follows:

<b>Subrecipient</b>	<b>Contractor</b>
Creates a Federal assistance relationship	Purpose is to obtain goods and services for the District's own use and creates a procurement relationship
Determines who is eligible to receive what Federal assistance	Provides the goods and services within normal business operations
Has its performance measured in relation to whether objectives of a Federal program were met	Provides similar goods or services to many different purchasers
Has responsibility for programmatic decision making	Normally operates in a competitive environment
Is responsible for adherence to applicable Federal program requirements specified in the Federal award; and	Provides goods or services that are ancillary to the operations of the Federal program; and
In accordance with its agreement, uses the Federal funds to carry out a program for a public purpose specified in authorizing stature, as opposed to providing goods or services for the benefit of the PTE	Is not subject to compliance requirements of the Federal program as a result of the agreement, though similar requirements may apply for other reasons

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**SUBRECIPIENT REQUIREMENTS**

The following information must be provided to all subrecipients:

- Federal award identification
- All requirements imposed by the PTE
- Any additional requirements that the PTE imposes on the subrecipient for the PTE to meet its own responsibility to the federal awarding agency including identification of any required financial or performance reports.
- An approved federally recognized indirect cost rate negotiated between the subrecipient and the federal government or, if no such rate exists, either a rate negotiated between the PTE and the subrecipient or a de minimis indirect cost rate
- A requirement that the subrecipient permit the PTE and auditors to have access to the subrecipient's records and financial statements, as necessary for the PTE to meet its requirements
- Appropriate terms and conditions concerning the closeout of the subaward

**SUBRECIPIENT RISK OF NONCOMPLIANCE**

Audit will evaluate subrecipient risk of noncompliance for purposes of determining appropriate subrecipient monitoring including consideration of such factors as:

1. Subrecipient experience with the same or similar subawards;
2. Results of previous audits, including whether the subrecipient receives a single audit and the extent to which the subaward has been audited as major;
3. Whether subrecipient has new personnel or substantially changed systems; and
4. Extent and results of Federal awarding agency monitoring.

**REQUIRED SUBRECIPIENT MONITORING ACTIVITIES**

The PTE must monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. PTE monitoring of the subrecipient must include:

- Review financial and programmatic reports

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- Follow-up and ensure that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the federal award through audits, on-site reviews, and other means
- Issue management decisions for audit findings pertaining to the federal award provided to the subrecipient

**PTE monitoring of the subrecipient plan should be**

- Clearly identify necessary activities and responsible parties
- Review debarment lists
- Allow for consistency throughout monitoring activities
- Characteristics include data quality reviews, required progress reporting, site and desk reviews, potentially critical for large-scale projects, compliance auditing and develop corrective action plans
- Once the process has concluded, develop and implement an internal action plan to revise policies and procedures, enforce compliance with the internal requirements and execute ongoing monitoring
- Utilize your internal auditors to conduct regular, detailed reviews
- Document the execution of monitoring activities and corrective action taken.

**The remedies for non-compliance are as follows:**

- If non-federal entities fail to comply with requirements, the PTE may impose additional conditions as described in statute §200.207
- If noncompliance cannot be remedied with additional conditions, the PTE may take one or more of the following actions, as appropriate:
  - Temporarily withhold cash payments
  - Disallow all or part of cost of the activity not in compliance
  - Wholly or partly suspend or terminate the federal award
  - Recommend that the federal agency initiate suspension and debarment proceedings
  - Withhold further federal awardsTake other remedies that may be legally available.

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