

# **DeKalb County**

## **Policies and Procedures**

---

Administration of Federal Education Programs

Aligned with the Requirements of the

New Uniform Grants Guidance

---

Developed 07/01/2015

Revised 02/14/2020

## How to Use this Template

New Uniform Grants Guidance (UGG) requires written policies for all federal grants (education, transportation, agriculture, health, etc). Since the UGG is applicable to all grants awarded after December 26, 2014, District policies and procedures meeting UGG requirements should be in place no later than July 1, 2015.

The Tennessee Department of Education (TDOE) is providing this template at the request of multiple districts to assist in meeting these requirements and contains specific language that should be included in policies that apply to federal grant funding. Use of the template is optional but recommended; however, documenting these policies and procedures is required.

This document provides the framework for creating policies and procedures related to the administration of federal education programs. Specifically, it contains the internal controls and grant management standards non-federal entities must use to ensure that all federal funds are lawfully expended. It describes in detail financial management standards, including appropriate cash management procedures; allowability rules; procurement policies; property management protocols; and record retention requirements.

This document is designed to serve as a template for an entity to use when developing its own policies and procedures. This template is meant to be a starting point and a reference guide for non-federal entities as they begin to draft policies and procedures that are unique to the specific circumstances of their organization.

**You do not need to re-create existing district policies and procedures. However, existing policies and procedures may need to be updated to meet the UGG requirements. You can simply provide a link to your current or updated policies and procedures for each section. If necessary, add the policies you do not currently have to this document.**

If you choose to use the template, below is information that will be helpful in navigating through the document:

- Items highlighted in yellow indicate where districts will insert relevant information
- Items highlighted in green are intended to provide additional guidance on a particular section and should be removed prior to adoption of policies and procedures.
- Items in plain text are intended to become part of your final document – a comprehensive policies and procedures manual that is in compliance with the Uniform Grants Guidance and provided language should not be altered as it contains applicable federal regulations.
- For policies or procedures you already have in your district, you may provide links and reference specific policy numbers and descriptions in the template.

If you have any questions related to this document and how to use it as a basis for your entity's own policies and procedures, please do not hesitate to contact your Regional Finance Consultant or Maryanne Durski.

## Table of Contents

- II. Financial Management System
  - A. Financial Management Standards
    - Identification
    - Financial Reporting
    - Accounting Records
    - Internal Controls
    - Budget Control
    - Cash Management
    - Allowable Costs
  - B. Overview of the Financial Management/Accounting System
  - C. Budgeting
    - The Planning Phase: Meetings and Discussions
      - Before Receiving the Grant Award Letter
      - Reviewing and Approving the Budget
    - After Receiving the grant award letter
    - Amending the Budget
    - Budget Control
  - D. Accounting Records
  - E. Spending Grant Funds
    - Direct and Indirect Costs Defined
      - Determining Whether a Cost is Direct or Indirect
      - Indirect Cost Rate
      - Applying the Indirect Cost Rate
    - Determining Allowability of Costs
    - Selected Items of Cost
    - Frequent Types of Costs

Travel

Helpful Questions for Determining Whether a Cost is Allowable

F. Federal Cash Management Policy/Procedures

Payment Methods

Reimbursements

Advances

G. Timely Obligation of Funds

When Obligations are Made

Period of Availability of Federal Funds

State-Administered Grants

Direct Grants

Carryover

State-Administered Grants

Direct Grants

H. Program Income

Definition

Use of Program Income

III. Procurement System

A. Responsibility for Purchasing

B. Purchase Methods

Purchases up to \$10,000

Purchases over \$10,000

Competitive Proposals

Architectural/Engineering Professional Services

Contract/Price Analysis

Noncompetitive Proposals (Sole Sourcing)

Educational Consultants and Similar Services

Cost Price Analysis and Sole Source

C. Purchase Cards

- D. Full and Open Competition
    - Geographical Preferences Prohibited
    - Prequalified Lists
    - Solicitation Language
  - E. Federal Procurement System Standards
    - Avoiding Acquisition of Unnecessary or Duplicative Items
    - Use of Intergovernmental Agreements
    - Use of Federal Excess and Surplus Property
    - Debarment and Suspension
    - Maintenance of Procurement Records
    - Time and Materials Contracts
    - Settlements of Issues Arising Out of Procurements
    - Protest Procedures to Resolve Dispute
  - F. Conflict of Interest Requirements
    - Standards of Conduct
    - Organizational Conflicts
    - Disciplinary Actions
    - Mandatory Disclosure
  - G. Contract Administration
- IV. Property Management Systems
- A. Property Classifications
    - Equipment
    - Supplies
    - Computing devices
    - Capital assets
  - B. Inventory Procedure
  - C. Inventory Records
  - D. Physical Inventory
  - E. Property/Equipment Maintenance

- F. Lost or Stolen Items
- G. Use of Equipment
- H. Disposal of Equipment
- V. Written Compensation Policies
  - A. Time and Effort
    - Time and Effort Standards
    - Time and Effort Procedures
    - Reconciliation and Closeout Procedures
    - Employee Exits
  - B. Human Resources Policies
- VI. Record Keeping
  - A. Record Retention
  - B. Collection and Transmission of Records
  - C. Access to Records
  - D. Privacy
- VII. Subrecipient Monitoring
- VIII. Frequently Asked Questions
- IX. Legal Authorities and Helpful Resources

## I. Introduction

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

New employees of the District, as well as incumbent employees, are expected to review this manual to gain familiarity and understanding of the District's rules and practices. If you have any questions regarding the administration of federal education grants, including questions related to specific federal grant programs, please do not hesitate to contact the applicable program office at the Tennessee Department of Education (TDOE).

## II. Financial Management System

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

### A. Financial Management Standards

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

#### ***Identification***

The DeKalb County Board of Education receives and expends federal Grants annually based on availability and award through state and federal agencies. The listing may change from year to year. The current and most usual are:

- Title I
- Identification # of award
  - CFDA Title and Number
  - Federal Award I.D. #
  - Fiscal Year of Award
  - Federal Agency
  - Pass-Through (If S/A)
- IDEA

DeKalb County Board Policy Number 2.100 – Fiscal Management Goals

#### *Procedures: Identification Procedures*

Descriptor Code: Federal Register 200.302(b)(1)

In accordance with the Office of Management and Budget 200.302, the DeKalb County Board of Education receives and expends federal grants annually based on availability and award through state and federal agencies. The listings may change from year to year.

The Director of Schools and Award Directors will identify, in its accounts, all federal awards received and expended and the Federal Programs under which they were received. Federal Program and Federal identification must include, as applicable, the following:



-The name of the Federal Program

-Identification # of Award

~CFDA Title and Number

~Federal Award Identification #

~Fiscal Year of Award

~Federal Agency

~Pass-Through Entity

### ***Financial Reporting***

#### *Procedures: Financial Reporting*

Descriptor Code: 200.302(b)(2)

DeKalb County Board of Education will maintain accurate, current, and complete disclosure of the financial results of each federal award or programs in accordance with the financial reporting requirements set forth in the Education Department General Administrative Regulations (EDGAR) 200.327 and 200.328.

200.327 – The Director of Schools and Grant Award Program Directors will collect and submit only Operational Management Budgets approved data elements, no less than annually, no more than quarterly.

200.328 – The DeKalb County Board of Education will submit performance reports at intervals required by the federal agency or pass through.

-Annual performance reports will be due 90 days after reporting period;

-Quarterly performance reports are due 30 days after reporting period.

The following Performance Metrics will be reported:

-Comparison of actual accomplishments to objectives.

-Explanation of reasons goals were not met if appropriate.

-Additional pertinent information such as analyses reports, high unit costs, etc.

-Significant development such as problems, delays, adverse conditions that would impair ability to meet objective of the award.

-Favorable developments such as finishing sooner or at cost.

Reports of said results and data shall be completed and available for review by the Director of Schools and School Board at intervals stipulated in the award guidelines.

DeKalb County Board Policy 2.700 – Accounting System

DeKalb County Board Policy 2.701 – Financial Reports and Records

### ***Accounting Records***

#### **Procedures: Accounting Records**

Descriptor Code: 2.700 and 2701

Accounting records that identify adequately the source and application of funds for federally funded activities are to be kept in the federal bookkeepers' files. Records of non-federally funded activities shall be stored in files of the general purpose funds bookkeeper. These records shall contain information pertaining to federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest, and be supported by source documentation.

Procedures to be followed:

-All accounting records are kept according to GAAP (General Accepted Accounting Principles) guidelines and are in compliance with GASB54 (Governmental Accounting Standards Board)

-Assets, liabilities, expenditures, revenue and reserve accounts are posted monthly in the general ledger.

-Project directors and bookkeepers jointly compare expenditures with budget amounts for each grant award.

-Accounting records are reconciled monthly with the Trustee's report and any necessary correcting journal entries are made.

-Account codes used conform to and align with the County Uniform Chart of Accounts.

-The following accounting steps shall be taken to protest against waste, fraud and abuse of funds and property:

~A requisition form containing the name of the person completing the requisition, vendor, address, description of item purchased, amount, account code, signatures of the supervisor and Director of Schools, and the signing date.

~Requisition form shall be sent to the bookkeeper.

~Bookkeeper provides a purchase order number.

~Form is returned to the supervisor ready for ordering.

-School board members receive records of monthly expenditures from all departments at meetings, discussion is held if needed, and the board chairman initials for approval.

DeKalb County Board Policy – 2.700 – Accounting System

DeKalb County Board Policy – 2.701 – Financial Reports and Records

Federal Register 200.302(b)(3)

### ***Internal Controls***

The Director of Schools will maintain effective control and accountability over all funds, real and personal property, and other assets, and provide reasonable assurance of managing compliance with statutes, regulations and the terms and conditions of the award by:

-Overseeing effectiveness and efficiency of operations through collaborative communication among all staff members to maximize positive outcomes,

-Providing adequate safeguard of property through inventory which is housed in a notebook at each school, as well as the district office. The LEA maintains a hard copy of equipment log/database that contains that following data elements for equipment:

- Description
- Serial number (bar code or local number)
- Source of property
- Title Holder
- Acquisition Date
- Cost
- Percentage of federal participation in cost

- Location
- Use
- Condition
- Disposition Data when property is retired

Bar codes or sticker tags are placed on equipment to denote the acting grant. A physical inventory of equipment is conducted at least biannually to meet federal guidelines, and a report of results is shared with the Tennessee Department of Education regional office, containing plans for corrective actions if applicable.

-Assuring money is spend in accordance with grant programs due to statues and regulations learned from auditors, monitors, training sessions, EDGAR, regional consultants and the Tennessee Department of Education. All project directors take reasonable measures to safeguard federal, state and local rules and regulations to maintain the integrity of the program, and

-Complying with laws and regulations which are dutifully maintained by the project director. When instances of non-compliance are identified in audit findings, the project director takes actions to correct and prevent future non-compliant events.

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

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

Procedures: Internal Control

Descriptor(s): 2.700, 2.701, Federal Register 200.303, 200.302 (B)(4), 200.61, 200.415

The DeKalb County Board of Education will maintain effective internal control and accountability for all federal and general purpose funds, property and other assets through collaborative communication among staff members to maximize positive outcomes. All assets will be adequately safeguarded and used solely for authorized purposes. The Director of Schools and School Board will assure that the following are properly maintained:

- Effectiveness and efficiency of operations
- Reliability of reporting for internal and external use

- Compliance with applicable laws and regulations

The Director of Schools and the School Board will assure compliance with:

- The U.S. Comptroller General's Standard for Internal Control Integrated Framework
- Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO)
- All Federal statutes, regulations and terms and conditions of Federal awards
- By maintaining adequate safeguard of property through inventory which is entered into a notebook kept at the individual school(s) and central office. The LEA maintains an equipment log/database that contains the following data elements for equipment:
  - Description
  - Serial number (bar code or local number)
  - Source of property
  - Title Holder
  - Acquisition Date
  - Cost
  - Percentage of federal participation in cost
  - Location
  - Use
  - Condition
  - Disposition Data when property is retired

Bar codes or sticker tags are placed on equipment to denote the acting grant. A physical inventory of equipment is conducted at least biannually to meet federal guidelines, and a report of results is shared with the Tennessee Department of Education regional office, containing plans for corrective actions if applicable.

- Assuring money is spent in accordance with grant programs due to statutes and regulations learned from auditors, monitors, training sessions, EDGAR, regional consultants and the Tennessee Department of Education. All project directors take reasonable measures to safeguard federal, state and local rules and regulations to maintain the integrity of the program.
- Evaluation and monitoring of compliance with statutes, regulations and terms and conditions of Federal awards.
- Taking prompt action when instances of non-compliance are identified including audit findings
- Taking reasonable measures to safeguard protected personally identifiable information designated or deemed sensitive.

An officially authorized to legally bind the non-federal entity will certify on annual and final fiscal reports requesting payment. The following statement will be attached to all certified reports:

“By signing this report, I certify to the best of my knowledge and belief that the report is

true, complete and accurate, and the expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the federal award. I am aware that any false, fictitious or fraudulent information or the omission of any material fact, may subject me to criminal, civil or administrative penalties for fraud, false statements, false claims, or otherwise.”

Policy 2.700 – Accounting System

Policy 2.702 – Inventories

Federal Register 200.302(b)(4), 200.62, 200.303

### ***Budget Control***

Actual expenditures or outlays must be compared with budgeted amounts for each federal award. Project directors and bookkeepers jointly compare expenditures with budget amounts for each grant award. The following steps shall be taken to protect against waste, fraud and abuse of funds and property:

- A requisition form containing the name of the person completing the requisition, vendor, address, description of item purchased, amount, account code, signatures of the supervisor and Director of Schools, and signing date.
- Requisition form shall be sent to bookkeeper
- Bookkeeper issues a purchase order number
- Form is returned to supervisor ready for ordering.
- Copies of all forms are to be filed with bookkeeper and supervisor

### **Federal Grant Budgeting**

All budget items must be integral to the grant programming. Positions, materials and resources must be supplemental, specific and dedicated to the Title I programs/initiatives being implemented for achievement of Annual Measurement Objectives (AMOs) and Gap Closure targets. Budgeting steps to follow:

- Develop a preliminary budget based on current needs assessment and achievement data
- Identify all non-salary items specific and necessary for program implementation
- Use identified poverty (free/reduced lunch count or CEP) averages for all K-8 county schools to create the spiral of schools to be served
- Determine set asides to be used only for Parent Involvement and Homeless students program

- Annual approval of the Federal Budgets and Consolidated Application usually occurs each year in May or June at a school board meeting.
- A final budget is to be developed and approved by the Tennessee Department of Education in the fall of the year via ePlan

Policy 2.200 – Annual Operating Budget

Policy 2.201 – Line Item Transfer Authority

Policy 2.201.1 – Budget and Amendment Procedures

Policy 2.300 – State and Federal Aid Eligibility Determination

Policy 2.800 – Expenditure of Funds

Federal Register 200.302(5), 200.415 – Required Certification

### ***Cash Management***

The federal bookkeeper performs the following steps monthly for case management of funds:

- Reviews expenditures for the month
- Draws down from ePlan the amount needed for reimbursement of expenditures for the month
- Informs the project director via a printout of the fund requests. When funds are received, they are receipted into the proper subfund with account codes and line items.
- Receipts and expenditures are reconciled at the end of each month with the printout received from the trustee.
- School board members are given records of expenditures from all departments at board meetings
- The chairman of the school board approves of the expenditures
- Any money collected by central office shall be documented and must be deposited to the county trustee within three days of receipt.
- Funds drawn from the grant fund must be spent within three days of receipt (EDGAR)

Policy 2.500 – Deposit of Funds

Policy 2.800 – Expenditure of Funds

Policy 2.810 – Payment Procedures

Federal Register 200.302(b), 200.305

### ***Allowable Costs***

To safeguard against waste, fraud and abuse of funds and property, the project director shall determine reasonableness of a particular cost depending on all circumstances and facts concerning grant specifications. Expenditures must align to budget and are tracked to insure expenses are appropriate.

Policy 2.805 – Purchasing

### B. Overview of the Financial Management/Accounting System

The DeKalb County Board of Education enters all accounting records, federal and general purpose, into a software program entitled *Local Government Corporation (LGC)*. The accounting system does not interface with the procurement and inventory systems. Budgets are entered into the LGC program usually in the fall of the year after the general purpose budget has been approved by the local board and the federal budget has been approved by the Tennessee Department of Education and reviewed by the local school board. School board members receive records of expenditures from all departments at board meetings, discussions are held if necessary and the board chairman approves. Accounting data is entered into the LGC software program by the federal and general purpose bookkeepers. Project directors work collaboratively with bookkeepers to manage budgets and reconcile monthly funding records with trustee reports. Funds are identified within the financial management system by account codes and line items. The General Purpose Funds bookkeeper submits monthly financial reports at school board meetings in the forms of check register copies and revenue reports from the county trustee. The federal bookkeeper shares accounting and funding information with project directors who develop and submit financial reports at school board meetings.

Policy 2.700 – Accounting System

Policy 2.701 – Financial Reports and Records



## C. Budgeting

The annual budget is the financial plan for the operation of the school system. The annual operating budget will be based on a fiscal year which shall be from July 1 to June 30. It provides the framework for both expenditures and revenues for the fiscal year, and translates into financial terms the educational programs and priorities of the district.

The Director of Schools and the chairman of the School Board shall develop a budget preparation calendar no later than January 1 of the current school year. The calendar shall be used as a guide for coordinating the budgetary activities of individuals and groups, collecting budget data, reviewing budget problems and making budget decisions.

The Board of Education shall each year cause to be prepared a proposed budget for the ensuing year. The proposed budget shall be submitted to the Board of Education at least 30 days prior to the beginning of the next fiscal year.

The Board shall officially adopt the budget and an accompanying appropriation resolution prior to the beginning of the fiscal year. The Board shall ensure that the district uses the full accrual basis of accounting when budgeting and accounting for all funds included in the district budget.

After adoption of the budget, the budget may be reviewed and changed with respect to both revenues and expenditures at any time prior to June 30 of the fiscal year for which adopted.

The adopted budget and appropriation resolution shall be placed on file at the DeKalb County Board of Education office and a certified copy shall be filed with the Tennessee Department of Education on ePlan and remain throughout the fiscal year and be open for inspection to those who have access twenty-four, seven.

Public school budgeting shall be regulated and controlled by statutes and requirements of the state Board of Education which shall prescribe the form of district budgets in order to ensure uniformity throughout the state. The school district's budget must be balanced.

The budget shall be presented in a summary format which is understandable by any lay person reviewing such budget.

The budget shall summarize revenues by source, expenditures by function, fund, and object, and include a uniform summary sheet of each fund that details the beginning fund balance and the anticipated ending fund balance for the budget year; the

anticipated transfers and allocation that will occur to and from the fund during the budget year.

The budget shall not provide for expenditures, inter-fund transfers, or reserves in excess of available revenues and beginning fund balances.

The budget shall ensure that the school district holds unrestricted general fund or cash fund emergency reserves in the amount required under the state constitutions.

If the district is authorized to raise and expend additional local property tax revenues at an election, the Board may adopt a supplemental budget and appropriation resolution to cover the remainder of the fiscal year following the election based on the additional dollar amount authorized.

Budget preparation shall include active citizen involvement.

### ***The Planning Phase: Meetings and Discussions***

#### *Before Receiving the Grant Award Letter:*

##### *Meetings and Discussions*

In accordance with DeKalb County Board of Education Policy Number 2.100 and 2.200, DeKalb County requires a needs assessment consisting of program reviews and parent, student and teacher surveys which are conducted in each school at the end of the school year to determine district needs and current program results. Meetings are held to review and prioritize survey results. State and other testing data of student progress and achievement are analyzed and disaggregated to determine focus areas of proficiency and need. Current programs funded through federal and state grants are reviewed to determine the availability of grants and to consider the feasibility of continuing previous programs. The district leadership team and grant writers search and apply for any grant opportunities that will meet system and schools' needs. The budget items of previous federal grant awards are reviewed to assist with current budget development. Grant objectives, reporting requirements, responsibilities and special conditions are considered in discussions. A prioritized list of needs is compiled by school leadership teams and district office staff, with input from teachers, using all data sources to begin planning for the upcoming year's budget. Grant application, the reviewed and revised school improvement plan, and estimated budget are presented to the school board.

Before Receiving the Grant Award Letter:

All district office personnel, school leadership teams, grant program facilitators and teachers involved with grant award programs meet for discussions and previews of potential grant awards. IDEA program directors and teachers review all IEPs to assist with determining money allocations. Needed resources and equipment are determined from needs assessments and teacher wish lists and inventories of unused and stored equipment are considered for program use. A timeframe is designed for steps and procedures for grant implementation, and all personnel and internal offices involved in the budgetary process program implementation are identified.

Reviewing and Approving the Budget:

Policy 2.200 – Annual Operating Budget

Policy 2.201 – Line Item Transfer

Policy 2.300 – State and Federal Aid Eligibility Determination

Policy 2.500 – Deposit of Funds

The supervisor/director of each program builds a preliminary budget for allowable expenditures. If the supervisor determines that a cost is not allowable, then the budget is revised. Applicable Office of Management and Budget (OMB) cost principles, program regulations, and the terms of grant and subgrant agreements are followed in determining the reasonableness, allowability, and allocability of costs. Annual approval of the Federal Budgets and Consolidated Application usually occurs each year in May or June at a school board meeting. The budget is uploaded into ePlan for approval by the Regional Consultant and then approval by TDOE. A budget calendar is developed each fiscal year to guide the coordination of budgetary activities, collecting budget data, reviewing budget problems, and making budget decisions. The fiscal year runs July 1 through June 30 of each year. School board members receive records of expenditures from all departments at board meetings, discussions are held if needed, and the board chairman approves. If costs are determined to be unallowable, line-item transfers within major categories can be made upon the recommendation of the director of schools and approval by the school board. Transfers between major budget categories can be made when necessary with approval of the County Commission.

## Policy 2.200 – Annual Operating Budget

Once the supervisor determines that all budgeted items are allowable, the budget is sent to the Director of Schools for final review and approval. Generally, the budget receives final approval by the fall after the revisions with carryover funds have been submitted to the Regional Consultant and the TDOE via ePlan. Once it is state approved, it is downloaded by the federal program bookkeeper into the Local Government Corporation (LGC) software program.

Federal Register 200.302 (b)(7), 200.403-405

### Procedures: Allowability Procedures

Descriptor Code: 200.302(b)(7), 200.307, 200.403, 200.403(g), 200.404, 200.405, 200.406

The DeKalb County Board of Education will use the following written procedures as a guide along with cost principles outlined in the Federal Register in determining allowability of costs throughout the grant development and budgeting processes. These procedures will be used as a training guide for employees. Consideration of the following items will be given during administration of federal grants:

#### Program Income:

- Non-Federal entities are encouraged to earn income to defray program costs where appropriate.
  - Costs of generating program income may only be deducted if:
    - Authorized by federal regulations or the Federal award;
    - Costs are incidental and not charged to the Federal award.
  - Property from the sale of real property or equipment is not program income. Post award property rules will be applied.
  - Program Income must be deducted from total allowable costs (except for IHEs and Research Non-profits)
  - May add to federal award with prior approval.

#### Factors Affecting Allowability of Costs must be considered:

- Necessary, Reasonable and Allocable
  - Consideration must be given to market prices for comparable goods or services in the geographical area and
  - No significant deviation from established prices

- Costs of goods or services must be chargeable or assignable in accordance with relative benefits received and must be necessary to the overall operation of the entity.
- Can only charge in proportion to the value received by the program. (200.405 Fed. Reg.)
  - Conform with federal law and grant terms
  - Consistent with state and local policies
  - Consistently treated
  - In accordance with GAAP
  - Not included as match
  - Net of Applicable Credits (200.406)

***After Receiving the grant award letter***

Grant award letters are posted on ePlan by the Tennessee Department of Education. The award letters contain the project title and the award amount. Once the Award letters of Federal Grants have been received, a comparison of expenditures between the proposed budget and the actual budget amounts of the Federal Awards is performed. The directors of federal programs meet with teachers, school psychologists and other school leaders to discuss budget entries and amounts allocated per school. Any needed adjustments are made. Adjustments may occur if the award is different than initially budgeted or if the grant award letter is increased or decreased after it is issued. Once adjustments have been completed, amendment procedures are followed for a subsequent approval.

Policy 2.805 – Purchasing

***Amending the Budget***

**Amending the Budget**

All program Budget Amendments require the following:

- Program approval by supervisor/program director,
- Cover letter requesting the change
- Budget narrative outlining the changes
- Supervisor/Program Director signature
- Director of School's signature/date
- Board approval
- Commission approval where necessary
- Submission to State Department of all amendments

**Transfer Between Funds:**

The district does not generally transfer funds between federal programs, but if necessary in extreme cases, the director of schools and the board of education will authorize the transfer. Moneys allocated to these funds may only be used for expenditures as specified in state and federal law.

**Transfer Within Funds:**

If there is a need to overspend in a line item of a federal budget, a budget revision on ePlan is entered and submitted to the Tennessee Department of Education for approval. Upon approval, a budget amendment is made on the accounting software program. If there is a need to transfer funds in general purpose funding from one budgeting category to another, county commission approval is required.

**School Budget Accounts**

Principals and their designees are responsible for funds budgeted to their school.

**Program Budget Accounts**

Each program manager and their designee are responsible for funds budgeted to the program.

Policy 2.201 – Line Item Transfers

Federal Register – 200.308

***Budget Control***

The District monitors its financial performance by comparing and analyzing actual results with budgeted results. The District continually monitors budget with actual expenditures. The budget is compared to actual budget spending reports often and timely when analyzing budgets for federal grants. Because the monitoring of the grants are continuous, there are no significant differences.

## Accounting Records

All district accounting records are retained in the county finance office. As the fiscal service provider for the district, they are responsible for maintaining accounting records. However, the District's Federal Programs fund manager and bookkeeper review and approve financial records. Journal entries are made within the accounting system by the county finance staff. There are no recurring journal entries. The district follows the State of Tennessee Chart of Accounts as provided in the State's Standardized System of Accounting and Reporting manual.

<http://www.comptroller.tn.gov/la/LGSlocalGovernment.asp>

Policy 2.500 – Deposit of Funds

Policy 2.700 - Accounting System

Policy 2.701 – Financial Reports and Records

Federal Register – 200.302(b)(3)

EDGAR 76.730

## D. Spending Grant Funds

The process to determine what items (goods and/or services) should be included in the budget as a needs based through assessment. District staff and school staff make decisions on specific items to be included based on current assessment of student and staff needs.

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

Payments made for costs determined to be unallowable by either the Federal awarding agency, or pass-through, must be refunded (including interest) to the Federal Government in accordance with instructions from the Federal agency that determined the costs are unallowable. (200.410)

Policy 2.800 – Expenditure of Funds

Policy 2.805 - Purchasing

## ***Direct and Indirect Costs Defined***

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

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

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

*Indirect Cost Rate:* TDOE approves indirect cost rates for one year.

The Tennessee Department of Education Regional Finance Consultant will calculate the Indirect Cost Rate for each year and will provide the district a certification page as well as the calculation. The indirect cost rate is developed using guidelines provided by Tennessee Department of Education. The Director of Schools will certify the Indirect Cost Rate or sign the Negative Intent section. TDOE approves indirect cost rates for one year.

[http://www.state.tn.us/education/districts/finance/loc\\_fin\\_indirect\\_cost\\_manual.pdf](http://www.state.tn.us/education/districts/finance/loc_fin_indirect_cost_manual.pdf)



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

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

### ***Determining Allowability of Costs***

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

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

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

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

- Whether the cost is a type generally recognized as ordinary and necessary for the operation of the District or the proper and efficient performance of the federal award.

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

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

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

- Whether the cost is needed for the proper and efficient performance of the grant program.
  - Whether the cost is identified in the approved budget or application.
  - Whether there is an educational benefit associated with the cost.
  - Whether the cost aligns with identified needs based on results and findings from a needs assessment.
  - Whether the cost addresses program goals and objectives and is based on program data.
- **Allocable to the federal award.** A cost is allocable to the federal award if the goods or services involved are chargeable or assignable to the federal award in accordance with the relative benefit received. This means that the federal grant program derived a benefit in proportion to the funds charged to the program. 2 C.F.R. § 200.405. For example, if 50% of a teacher's salary is paid with grant funds, then that teacher must spend at least 50% of his or her time on the grant program.
  - **Consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the District.**

- **Conform to any limitations or exclusions set forth as cost principles in Part 200 or in the terms and conditions of the federal award.**
- **Consistent treatment.** A cost cannot be assigned to a federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been assigned as an indirect cost under another award.
- **Adequately documented.** All expenditures must be properly documented.
- **Be determined in accordance with general accepted accounting principles (GAAP), unless provided otherwise in Part 200.**
- **Not included as a match or cost-share, unless the specific federal program authorizes federal costs to be treated as such.** Some federal program statutes require the non-federal entity to contribute a certain amount of non-federal resources to be eligible for the federal program.
- **Be the net of all applicable credits.** The term “applicable credits” refers to those receipts or reduction of expenditures that operate to offset or reduce expense items allocable to the federal award. Typical examples of such transactions are: purchase discounts; rebates or allowances; recoveries or indemnities on losses; and adjustments of overpayments or erroneous charges. To the extent that such credits accruing to or received by the state relate to the federal award, they shall be credited to the federal award, either as a cost reduction or a cash refund, as appropriate. 2 C.F.R. § 200.406.

DeKalb County school personnel and school board members who incur expenses in carrying out their authorized duties will be reimbursed upon submission of supporting receipts and an approved reimbursement form signed by the supervisor. The current rate of travel is set at \$0.38 per mile and \$35 per day for meals for overnight meetings only.

#### Policy 2.804 – Expenses and Reimbursement

Part 200’s cost guidelines must be considered when federal grant funds are expended. As provided above, federal rules require state- and District-level requirements and policies regarding expenditures to be followed as well. For example, state and/or District policies relating to travel or equipment may be narrower than the federal rules, and the stricter State and/or

District policies must be followed. Further, certain types of incentives are allowable under federal law, but are not allowable under State law.

### ***Selected Items of Cost***

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

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

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

<b>Item of Cost</b>	<b>Citation of Allowability Rule</b>
Advertising and public relations costs	2 C.F.R. § 200.421
Advisory councils	2 C.F.R. § 200.422
Alcoholic beverages	2 C.F.R. § 200.423
Alumni/ae activities	2 C.F.R. § 200.424
Audit services	2 C.F.R. § 200.425
Bad debts	2 C.F.R. § 200.426
Bonding costs	2 C.F.R. § 200.427
Collection of improper payments	2 C.F.R. § 200.428
Commencement and convocation costs	2 C.F.R. § 200.429
Compensation – personal services	2 C.F.R. § 200.430
Compensation – fringe benefits	2 C.F.R. § 200.431
Conferences	2 C.F.R. § 200.432

Contingency provisions	2 C.F.R. § 200.433
Contributions and donations	2 C.F.R. § 200.434
Defense and prosecution of criminal and civil proceedings, claims, appeals and patent infringements	2 C.F.R. § 200.435
Depreciation	2 C.F.R. § 200.436
Employee health and welfare costs	2 C.F.R. § 200.437
Entertainment costs	2 C.F.R. § 200.438
Equipment and other capital expenditures	2 C.F.R. § 200.439
Exchange rates	2 C.F.R. § 200.440
Fines, penalties, damages and other settlements	2 C.F.R. § 200.441
Fund raising and investment management costs	2 C.F.R. § 200.442
Gains and losses on disposition of depreciable assets	2 C.F.R. § 200.443
General costs of government	2 C.F.R. § 200.444
Goods and services for personal use	2 C.F.R. § 200.445
Idle facilities and idle capacity	2 C.F.R. § 200.446
Insurance and indemnification	2 C.F.R. § 200.447
Intellectual property	2 C.F.R. § 200.448
Interest	2 C.F.R. § 200.449
Lobbying	2 C.F.R. § 200.450
Losses on other awards or contracts	2 C.F.R. § 200.451
Maintenance and repair costs	2 C.F.R. § 200.452
Materials and supplies costs, including costs of computing devices	2 C.F.R. § 200.453
Memberships, subscriptions, and professional activity costs	2 C.F.R. § 200.454
Organization costs	2 C.F.R. § 200.455
Participant support costs	2 C.F.R. § 200.456
Plant and security costs	2 C.F.R. § 200.457
Pre-award costs	2 C.F.R. § 200.458
Professional services costs	2 C.F.R. § 200.459
Proposal costs	2 C.F.R. § 200.460
Publication and printing costs	2 C.F.R. § 200.461
Rearrangement and reconversion costs	2 C.F.R. § 200.462
Recruiting costs	2 C.F.R. § 200.463
Relocation costs of employees	2 C.F.R. § 200.464
Rental costs of real property and equipment	2 C.F.R. § 200.465
Scholarships and student aid costs	2 C.F.R. § 200.466
Selling and marketing costs	2 C.F.R. § 200.467
Specialized service facilities	2 C.F.R. § 200.468

Student activity costs	2 C.F.R. § 200.469
Taxes (including Value Added Tax)	2 C.F.R. § 200.470
Termination costs	2 C.F.R. § 200.471
Training and education costs	2 C.F.R. § 200.472
Transportation costs	2 C.F.R. § 200.473
Travel costs	2 C.F.R. § 200.474
Trustees	2 C.F.R. § 200.475

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

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

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

Policy 2.703 – Audits

Policy 2.600 – Bonded Employees

Policy 5.110 – Compensation Guides and Contracts

Policy 2.401 – Gifts and Bequests

Policy 6.710 – Gifts

Policy 3.600 – Insurance Management

Policy 6.709 – Student Fee and Fines

Policy 6.701 – Student Solicitations/Fundraising Activities

Policy 2.402 – Investment Earnings

Policy 3.402 – Special Use of School Vehicles

Policy 2.804 – Expenses and Reimbursements

Policy 2.900 – Students Activity Funds Management

### ***Frequent Types of Costs***

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

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

Policy 2.804 – Expenses and Reimbursements

### ***Travel:***

Travel and registration requests are received by the Supervisors/Department Heads on the Meeting/Workshop Request Form once the direct building administrator has approved the request. The request must be aligned with the school's improvement plan. The meeting/workshop request form is completed and the correct funding code, category and line item code is entered on the form with supporting documentation attached. Upon approval of the appropriate supervisor, the request for travel expense is submitted to the Director of Schools for approval.

Once the Director approves the travel request, the form and supporting documentation is submitted to the appropriate Supervisor or designee who then registers the authorized employee. The appropriate bookkeeper receives the original workshop request form while the supervisor maintains a copy for records.

The bookkeeper will then process the payment for registration and mail necessary registration forms.

Travel must be authorized and approved in advance by an employee supervisor.

#### *Overnight Travel:*

Overnight accommodations will be allowed only when an activity continues two consecutive days or when the individual lives more than 50 miles from the meeting place. Pre-payment for room and board is made based on the cost that is supplied to the supervisor at the time of reserving the room. This check along with the tax exempt certification is taken to the event by the authorized employee. A zero balance hotel receipt is returned to the supervisor upon the employee's return. An employee must be pre-approved to make his/her own hotel reservations.

A travel reimbursement form is completed and signed by the authorized employee within 10 days and given to the supervisor, then submitted to the bookkeeping department.

If a taxi or Uber cost is incurred, a transportation receipt and the conference agenda must be attached in order to receive full reimbursement. You must be able to prove the transportation cost was necessary and relevant to the conference. You will not be reimbursed for personal trips that are not related to the conference.

A request for reimbursement is made by the employee for any additional costs incurred. Travel, meals, parking and incidentals are reimbursed as outlined on the Travel Reimbursement Guidelines.

**Mileage:** Mileage for properly authorized travel on official school business shall be reimbursed at the mileage rate of \$0.47 per mile.

**Meals:** Meals for properly authorized travel on official school business shall be reimbursed at a maximum of \$51.00 per day for overnight stay. Employees who do not regularly travel out of county and are away from their official station during normal mealtime shall be reimbursed at a rate of \$11.00 for breakfast, \$12.00 for lunch and \$23.00 for dinner with \$5 for incidentals. Normal mealtime for breakfast shall be defined as between 5:00 a.m. and 8:00 a.m.; lunch shall be defined as between 11:00 a.m. and 2:00 p.m.; and dinner shall be defined as between 5:00 p.m. and 8:00 p.m. Receipts are not required for meal reimbursements. Meals will only be reimbursed if the employee stays overnight at a meeting/conference.



Parking Expenses: Charges for parking expenses incurred for properly authorized travel on official business shall be reimbursed. Parking receipts are required for full reimbursement. If a parking receipt is not available, \$8.00 will be reimbursed to employee.

Lodging: Lodging for properly authorized business travel on official school business shall be reimbursed at the actual cost incurred. Lodging may be at or near the site where the conference/training program is being held. A \$0 balance from said hotel must be submitted with reimbursement.

An overview of business reimbursements are follows:

Mileage - \$0.47 per mile

Hotel – State Rate offered

Meals - \$11/\$12/\$23

Parking – must have receipt or \$8.00

This reimbursement request must match the Meeting/Workshop Request Form.

### ***Helpful Questions for Determining Whether a Cost is Allowable***

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

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

As a practical matter, DeKalb County School System, such as curriculum, Finance, IDEA, Federal Programs, Food Service, Pre-K and CTE departments, should also consider whether the proposed cost is consistent with the underlying needs of the program. For example, program funds must

benefit the appropriate population of students for which they are allocated. This means that, for instance, funds allocated under Title III of the Elementary and Secondary Education Act (ESEA) governing language instruction programs for limited English proficient (LEP) students must only be spent on LEP students and cannot be used to benefit non-LEP students. Further, under most major elementary and secondary education programs, recipients

Also, funds should be targeted to address areas of weakness, as necessary. To make this determination, DeKalb County School System, such as curriculum, Finance, IDEA, Federal Programs, Food Service, Pre-K and CTE departments, should review data when making purchases to ensure that federal funds to meet these areas of concern.

#### E. Federal Cash Management Policy/Procedures

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

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

#### ***Payment Methods***

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

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

All reimbursement requests are tied to specific set-asides and/or approved budget line items and must be approved prior to submission.

Policy 2.800 – Expenditure of Funds

Policy 2.802 – Payroll

Policy 2.803 – Salary Deductions

Policy 2.804 – Expenses and Reimbursements

Policy 2.805 – Purchasing

Policy 2.806 – Bids and Quotations

Policy 2.807 – Requisitions

Policy 2.808 – Purchase Orders and Contracts

Policy 2.810 – Payment Procedures

Consistent with state and federal requirements, the District will maintain source documentation supporting the federal expenditures, such as invoices, packing slip, time sheets, payroll stubs and will make such documentation available for the TDOE review upon request.

Reimbursements of actual expenditures do not require interest calculations.

Advances: To the extent the District receives advance payments of federal grant funds, the District will strive to expend the federal funds on allowable expenditures within 72 hours of receipt. The District will hold federal advance payments in interest-bearing accounts, unless an allowable exception applies. The District will calculate interest earned on cash balances after 72 hours of receipt of advance payments.

Interest will be calculated quarterly. Total federal grant cash balances will be calculated on cash balances per grant and applying the District's actual/average interest rate. The District may retain up to \$500 of interest earned per year. Within 30 days of the end of the quarter, the District will remit interest earned on U.S. Department of Education grants in excess of \$500 to Department of Health and Human Services Payment Management System, Rockville, MD 20852.

F. Timely Obligation of Funds

### ***When Obligations are Made***

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

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

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

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

### ***Period of Availability of Federal Funds***

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

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

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

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

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

### ***Carryover***

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

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

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

performance specified in the award. This one-time extension may not be exercised merely for the purpose of using unobligated balances.

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

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

The district will provide written notice to the federal awarding agency at least 10 calendar days before the end of the period of performance specified in the award. The Supervisor of Federal Programs, the Federal Programs bookkeeper and the Director of Schools will make this decision, with the Director making the final approval. Specific details per the awarding agency will be provided in a written notice from the Supervisor of Federal Programs.

## G. Program Income

### ***Definition***

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

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

### ***Use of Program Income***

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

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

### III. Procurement System

The District maintains the following purchasing procedures.

#### A. Responsibility for Purchasing

Policy 2.800 – Expenditure of Funds

Policy 2.805 – Purchasing

DeKalb County Purchasing Policies and Procedures

#### B. Purchase Methods

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

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

##### ***Purchases up to \$10,000***

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

DeKalb County Schools:

- Uses requisitions completed by supervisor
- Each department keeps paper copies
- Supervisor approves
- Director approves
- Requisition is issued a number
- Specific description of services or goods on the requisition
- Location of delivery
- Packing slips are filed with the Federal Programs Supervisor
- Invoices are filed with the Federal Bookkeeper



- Items over \$100.00 are inventoried to each school

Policy 2.805 – Purchasing

Policy 2.806 – Bids and Quotations

Policy 2.807 – Requisitions

Policy 2.808 – Purchase Orders and Contracts

### ***Purchases over \$10,000***

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

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

DeKalb County Schools:

- Uses requisitions completed by supervisor
- Each department keeps paper copies
- Supervisor approves
- Director approves
- Requisition is issued a number
- Specific description of services or goods on the requisition
- Location of delivery
- Packing slips are filed with the Federal Programs Supervisor
- Invoices are filed with the Federal Bookkeeper
- Items over \$100.00 are inventoried to each school

Policy 2.805 – Purchasing

Policy 2.806 – Bids and Quotations

Policy 2.807 – Requisitions

Policy 2.808 – Purchase Orders and Contracts

Competitive Proposals: The technique of competitive proposals is normally conducted with more than one source submitting an offer, and either a fixed price or cost-reimbursement type contract is awarded. It is generally used when conditions are not appropriate for the use of sealed bids. If this method is used, the following requirements apply:

- Requests for proposals must be publicized and identify all evaluation factors and their relative importance. Any response to publicized requests for proposals must be considered to the maximum extent practical;
- Proposals must be solicited from an adequate number of qualified sources; and
- Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered.

For competitive proposals, EDGAR requires recipients to have a written method for conducting technical evaluations of the proposals received and for selecting recipients.

DeKalb County Schools:

- Uses requisitions completed by supervisor
- Each department keeps paper copies
- Supervisor approves
- Director approves
- Requisition is issued a number
- Specific description of services or goods on the requisition
- Location of delivery
- Packing slips are filed with the Federal Programs Supervisor
- Invoices are filed with the Federal Bookkeeper
- Items over \$100.00 are inventoried to each school

Policy 2.805 – Purchasing

Policy 2.806 – Bids and Quotations

Policy 2.807 – Requisitions

Policy 2.808 – Purchase Orders and Contracts

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

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

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

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

Policy 2.805 – Purchasing

Policy 2.806 – Bids and Quotations

Policy 2.807 – Requisitions

Policy 2.808 – Purchase Orders and Contracts

***Noncompetitive Proposals (Sole Sourcing)***

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

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

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

Contracts by counties, cities, metropolitan governments towns, utility districts and other municipal and public corporations of the state, for legal services, fiscal agent, financial advisor or advisory services, educational consultant services and similar services by professional persons or groups of high ethical standards, shall not be based upon competitive bids, but shall be awarded on the basis of recognized competence and integrity. The prohibition against competitive bidding in this section shall not prohibit any entity enumerated from interviewing eligible persons or groups to determine the capabilities of such persons or groups.

#### DeKalb County Schools:

- Uses requisitions completed by supervisor
- Each department keeps paper copies
- Supervisor approves
- Director approves
- Requisition is issued a number
- Specific description of services or goods on the requisition
- Location of delivery
- Packing slips are filed with the Federal Programs Supervisor
- Invoices are filed with the Federal Bookkeeper
- Items over \$100.00 are inventoried to each school

Policy 2.805 – Purchasing

Policy 2.806 – Bids and Quotations

Policy 2.807 – Requisitions

Policy 2.808 – Purchase Orders and Contracts

#### ***Cost Price Analysis and Sole Source***

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

#### C. Purchase Cards

The District uses purchasing cards which are issued by the DeKalb County Finance Department per the Director of Schools. Cards are issued to administrative positions and other positions as requested and approved by the director and the DeKalb County Finance Department. All purchases are approved by purchase order prior to ordering the item or service. Examples of types of items purchased with the purchasing card include hotel reservations, registration fees, supplies and equipment. Items explicitly prohibited from purchase include, but are not limited to, withdrawals from ATMs, dating and escort services, liquor marts, bail/bond payments, pawn shops, timeshares, betting services and savings bonds. DeKalb County bookkeepers personnel monitor card purchasing limits and prohibit specific purchases by setting restrictions via a secure internet website. Purchase orders and invoices must be maintained to support the purchase. Card statements are reviewed by the DeKalb County Finance Department and the office which

initiated the purchase. Any discrepancies are discussed and reconciled as needed. The Director of Schools holds the only purchasing card.

The Federal Programs Department does not make use of purchasing cards.

#### D. Full and Open Competition

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

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

EDGAR further requires the following to ensure adequate competition.

#### ***Geographical Preferences Prohibited***

The District must conduct procurements in a manner that prohibits the use of statutorily or administratively imposed state, local, or tribal geographical preferences in the evaluation of bids or proposals, except in those cases where applicable federal statutes expressly mandate or encourage geographic preference. When contracting for architectural and engineering (A/E) services, geographic location may be a selection criterion provided its application leaves an appropriate number of qualified firms, given the nature and size of the project, to compete for the contract.

### ***Prequalified Lists***

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

### ***Solicitation Language***

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

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

## E. Federal Procurement System Standards

### ***Avoiding Acquisition of Unnecessary or Duplicative Items***

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

Policy 2.805 – Purchasing

***Use of Intergovernmental Agreements***

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

Policy 2.805 – Purchasing

***Use of Federal Excess and Surplus Property***

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

Policy 2.805 – Purchasing

***Debarment and Suspension***

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

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

The DeKalb County department heads verify vendors and licensing information and documentation before a contract is awarded.

***Maintenance of Procurement Records***

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



DeKalb County School System follow records maintenance and retention guidelines provided by The University of Tennessee County Technical Assistance which is found at

<http://ctas-eli.ctas.tennessee.edu/reference/accounting-purchasing-and-other-miscellaneous-records>

### ***Time and Materials Contracts***

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

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

### ***Settlements of Issues Arising Out of Procurements***

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

### ***Protest Procedures to Resolve Dispute***

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

Board Policy 3.201 – Safety

Board Policy 3.205 – Security

Board Policy 3.215 – Board Inspection and Acceptance of New Facilities

## F. Conflict of Interest Requirements

### ***Standards of Conduct***

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

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

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

Policy 5.605 – Staff Gifts and Solicitations

Policy 2.809 – Vendor Relations

Policy 5.601 – Staff Conflict of Interest

Policy 1.107 – Board Member Conflict of Interest

Policy 1.108 – Nepotism

Policy 1.106 – Code of Ethics

T.C.A. 8-50-501 – Conflict of Interest Disclosure Statement

### ***Organizational Conflicts***

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

Disciplinary Actions

## Policy 5.501 – Complaints and Grievances

### ***Mandatory Disclosure***

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

### Policy 2.809 Vendor Relations

In case of potential conflict, the district will notify the applicable federal awarding agency.

## G. Contract Administration

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

District Policy 2.808 states: All purchases made by the school system shall be by purchase order or formal contract, which has been approved by the director of schools and staff as assigned by the director of schools. No purchase shall be made nor payment approved unless covered by an approved purchase order. Employees shall sign statements when purchases are made. Those statements which have not been signed by employees with not be honored.

Purchase orders include the following essentials:

- Information on agency purchasing from (name of company, address)
- Quote, if necessary
- Place of delivery
- Signature of purchasing agent such as supervisor
- Signature of Director for approval
- Unit Price and Total Price
- Thorough description of item(s) purchased

## IV. Property Management Systems

### A. Property Classifications

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

The state of Tennessee definition of equipment applies as follows: equipment is all items (machinery, implements, tools, furniture, livestock, vehicles and other apparatus) purchased with an object code of 16 with a unit cost of \$5,000.00 or more and a minimum useful life expectancy of three years. Freight charges and installation cost should be included as cost of equipment. Sensitive minor equipment is defined as items purchased with an object code of 099 with a cost between \$100.00 and \$5,000.00. It includes sensitive items such as computers, external computer peripherals, weapons, etc. as determined by the State Personal Property Section.

Guidelines: DeKalb will budget in the equipment line item sufficient funds for planned purchases of any items to be considered to be equipment in the LEA. DeKalb County will maintain all supporting documentation: inventory records, purchase orders, receipts and vendor contracts.

Prior written approval by the ESEA field consultant is required only for purchases of those items of equipment that have a unit cost of \$5,000.00 or more. All purchases must be made in compliance with policies and statues governing DeKalb County.

Equipment acquired by a recipient with federal funds shall abide by conditions of this section:

- The recipient shall not use equipment acquired with federal funds to provide services to non-federal outside organizations for a fee that is less then private companies charge for equivalent services, unless specifically authorized by Federal statue, for as long as the Federal Government retains an interest in the equipment
- The recipient shall use the equipment in the project or program for which is was acquired as long as needed, whether or not the project or program continues to be supported by federal funds and shall not encumber the property without approval of the federal awarding agency.
- When no longer needed for the original project or program, the recipient shall use the equipment in connection with its other federally-sponsored activities, in the following order of priority:

- Activities sponsored by the Federal awarding agency which funded the original project
- Activities sponsored by other Federal awarding agencies.
- During the time that equipment is used on the project or program for which it was acquired, the recipient shall make it available for use on other projects or programs if such other use will not interfere with the work on the project or program for which the equipment was originally acquired. First preference for such other use shall be given to other projects or programs sponsored by the federal awarding agency that financed the equipment.
- When acquiring replacement equipment, the recipient may use the equipment to be replaced as trade in or sell the equipment and use the proceeds to offset the costs of the replacement equipment subject to the approval of the federal awarding agency.

DeKalb County School Systems administration is responsible for assuring that only allowable equipment is purchased. The district may purchase equipment with ESEA funds if

- 1) It is reasonable and necessary to operate its federal program effectively
- 2) Existing equipment will not be sufficient
- 3) The costs are reasonable

OMB Circular 200.313 – Equipment

OMB Circular 200.439 – Equipment and other capital expenditures

Board Policy 2.702 – Inventories

Board Policy 3.300 – Equipment and Supplies Management

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

OMB Circular 200.314 - Supplies

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

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

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

## Policy 2.702 - Inventories

### B. Inventory Procedure

As pursuant to Board Policy 2.702, the Director of Schools shall establish an accurate inventory procedure for all school real and personal (e.g. material and equipment) property, and this system shall be implemented at each school facility under the supervision of the Federal Programs supervisor or designee. Administrative personnel shall ensure that a physical count of all such property is taken at the end of each fiscal year and this inventory shall be the property entered on the appropriate records for accounting purposes.

#### *Tennessee Internal School Uniform Accounting Policy Manual: Section 4-13*

The Director of Schools and appropriate supervisors must develop and maintain controls to endure that all property is purchased in accordance with the district's procurement procedures and that adequate controls are maintained to safeguard all equipment purchased with federal funds. Therefore an inventory shall be maintained for all tangible property with a useful life of one year, regardless of the acquisition cost. The district is required to track and maintain a current written inventory of items such as computers, projectors and items that exceed the amount of \$100.00. DeKalb County is not required to track consumable items.

A physical inventory of Title I equipment shall be taken and the results reconciled with the equipment records at least once every two year in accordance with *EDGAR 80.32 (d) (1-2)*. 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 need for the equipment. Documentation shall be maintained of the date and the person conducting the physical inventory.

New equipment is received at the district office so the appropriate supervisor can inspect the item(s) and compare the packing list to the purchase order requisition. Items, which are newly purchased and are located at the district office/purchasing department, will be numbered or tagged during the initial review. Equipment purchased with Title I funds that are listed on the physical inventory system must have the appropriate asset identification tag/decal. The asset

tag/decals should be placed on the equipment where it can be easily seen. A green and silver bar code or other type of secure tag must be affixed to identify each piece of equipment that cost more than \$100.00. The name of the district, the Title and project year of the purchase is required unless the purchases are made as part of schoolwide projects under Title I. Equipment items bought as a part of a Title I schoolwide program are required to have the following: the name of the LEA, the name of the school, the project year of the purchase and schoolwide.

After the new equipment is tagged and inventoried appropriately in the Physical Inventory Notebook at the district office, then the item is taken to the appropriate place by the supervisor or designee to be inventoried at the school level also. Each school has an inventory designee who handles the newly purchased equipment with the supervisor.

All items purchased as equipment, including sensitive equipment, as well as materials and supplies must be accounted for in such a manner as to avoid fraud, waste or abuse. These purchases will be reviewed as part of the regular monitoring process.

Board Policy 2.702 – Inventories

*EDGAR 80.32 (d) (1-2)*

### C. Inventory Records

It is DeKalb County's responsibility to ensure proper accountability of certain other purchases made with Federal, State and local funds that do not represent equipment or sensitive minor equipment. This policy is to encompass that responsibility for "controllable items." (Items not over the threshold to capitalize but do need to be inventoried and tracked.)

DeKalb County's purchasing department will maintain a current and accurate inventory record of equipment purchased with Title I funds (a Physical Inventory Listing Notebook). This Physical Inventory Notebook will include equipment that is non-consumable with a life of more than one year and with a value of more than \$100.00. Equipment purchased using district set aside Title I funds will be listed on the district's Physical Inventory Listing. Equipment purchased using a school's Title I allocation will be listed on the school's Physical Inventory Listing according to which teacher acquired the equipment. Items that would not be included on the physical inventory listing are books, classroom libraries, classroom/office supplies, workbooks, maps, charts, globes, etc. Items that must be included are printers, computers, digital cameras, laptops, fax machines and office/classroom furniture.

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

- Description of the property
- Serial number or green county bar code;
- Source of funding for the property;
- Who holds title;
- Acquisition date and cost of the property;
- Percentage of federal participation in the project costs for the federal award under which the property was acquired;
- Location, use and condition of the property; and
- Any ultimate disposition data including the date of disposal and sale price of the property.

A physical inventory of Title I equipment shall be taken and the results reconciled with the equipment records at least once every two year in accordance with *EDGAR 80.32 (d) (1-2)*. 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 need for the equipment. Documentation shall be maintained of the date and the person conducting the physical inventory.

If the inventory log must by adjusted during the physical inventory process, then the supervisor or designee will investigate cause of change; example lost, stolen or damaged. If supervisor or designee deems appropriate, then he or she may add comments to the disposition column of the inventory log.

#### General Procedures for Inventory:

-Property that is sold – fund recouped are returned to the program from which they were purchased and new, similar items are purchased for replacement if needed. When items are sold, the amount from the sale is returned to the appropriate funding source.

-Property that is lost or stolen – When items are reported as lost or stolen, an investigation is conducted and police and insurance claim filed when appropriate. A thorough investigation occurs to recover that lost or stolen item(s). In the event that it cannot be found, a police report is filed.

-Property that cannot be repaired – if the property has usable parts, they are retained for repairing other equipment. When items cannot be repaired, they are removed from inventory and discarded.

-The district completes a physical inventory of property twice each fiscal year. The physical inventory is completed by the Federal Programs Supervisor, along with each school's



#### D. Physical Inventory

A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years. The district office conducts physical inventories once every two years, while the school level conducts physical inventories once per year at the end of the school year. The school level has a specific designee that conducts inventory yearly. The physical inventory is performed by cross referencing the inventory log with the items in each teacher's classroom purchased with specific funds. The teacher, or equipment holder, should check off each item as he/she physically locates it to verify its presence. This inventory log must reflect any transfers to other school sites or areas of the school and new items purchased since your last inventory. If the teacher or inventory designee cannot find items from the log that has been assigned to a specific area, then investigate in order to locate others who might know where the missing assets have been moved or transferred. Ultimately, every item must be identified on your inventory report as located or missing with explanations for those items that are missing. New purchases are must be included on the inventory list with bar code labels given at each school.

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

- Description of the property
- Serial number or green county bar code;
- Source of funding for the property;
- Who holds title;
- Acquisition date and cost of the property;
- Percentage of federal participation in the project costs for the federal award under which the property was acquired;
- Location, use and condition of the property; and
- Any ultimate disposition data including the date of disposal and sale price of the property.

All items purchased as equipment, including sensitive equipment, as well as materials and supplies must be accounted for in such a manner as to avoid fraud, waste or abuse. These purchases will be reviewed as a part of the regular monitoring process.

## E. Property/Equipment Maintenance

In accordance with 2 C.F.R.313(d)(4), the District maintains adequate maintenance procedures to ensure that property is kept in good condition. All equipment will undergo routine maintenance based upon equipment specification.

DeKalb County uses an on line system called Technology Request in order to communicate maintenance needs between schools and the Technology Supervisor. The work orders are tracked using this service order database. In cases where equipment repairs cannot be requested through normal work order requests, the school's inventory designee should seek other repair options. The school's inventory designee should seek guidance from the Title I department if equipment is permanently damaged or undergoing repair for an extended, unreasonable amount of time.

District property is to be used for district purposes only. Personal use of district inventory is not permitted. I

Board Policy – 3.300 – Equipment and Supplies Management

## F. Lost or Stolen Items

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

Employees of the DeKalb County School System are allowed to take equipment off site as long as the purpose is school related and returned to school daily. If said equipment is damaged or lost, it is the employee's responsibility to immediately report this activity to the administrator in the building. The administrator then reports it to the appropriate supervisor and purchasing agent.

DeKalb's Control System for adequate safeguards to prevent loss or damage:

- Physical Inventory conducted once every two years by the district
- Physical Inventory conducted once a year at the school level
- Reporting procedures are in place
- Lost or stolen equipment remains on inventory

DeKalb's Control system for adequate safeguards to prevent theft:

- Questioning responsible party of equipment
- Investigated and fully documented
- Police report completed and keep on file
- Lost or stolen equipment remains on inventory

DeKalb's Controls to safeguard equipment:

- Locks or security camera (for particularly valuable or vulnerable items).
- Use of logs or sign-in sheets for certain items of property; for example iPads, laptops, cameras, projectors.
- All computing devices and other applicable equipment marked as property of the District

Board Policy 3.300 – Equipment and Supplies Management

### G. Use of Equipment

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

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

When no longer needed for the original project or program, the recipient shall use the equipment in connection with its other federally-sponsored activities, in the following order of priority:

- Activities sponsored by the Federal awarding agency which funded the original project
- Activities sponsored by other Federal awarding agencies.

DeKalb County's procedure for transferring equipment between schools or programs are as follows:

When a teacher has equipment that is of no value to the program, then this equipment can be deemed as surplus and transferred to a program that can use this particular equipment. The school's inventory designee must be alerted immediately, who will then pass information onto the supervisor of the program who purchased the equipment. The equipment that needs to be surplus must be indicated on the inventory log by the inventory designee. Arrangements will be made to have this equipment picked up by the appropriate department.

A school administrator or his/her designee can request items from the surplus area and obtain property free of charge for use in his/her school. All requests for surplus items may be made to the Supervisors at the Director of School's office. Any property leaving the surplus area must be requested by the school principal or his/her designee, and the property will be transferred to their school's inventory list if it is a tagged item.

When receiving Title I equipment, the school's inventory designee should ensure that the equipment is issued to the proper location. Furthermore, the equipment must continue to be used for that or a related purpose. The equipment's "Use" is to be documented on the physical inventory.

Board Policy – 3.300 – Equipment and Supplies Management

#### H. Disposal of Equipment

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

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

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

Equipment may be disposed of with no obligation to the federal government, if ALL of the following criteria are met:

- 1) Equipment is no longer needed in the current program
- 2) Equipment is not needed in other programs currently or previously funded by a federal agency.
- 3) Equipment item has a current per-unit fair market value of less than \$5,000.00

If the district disposes of equipment with a fair market value of less than \$5,000.00, the proceeds must be used to support the program for which the equipment was purchased. No request for approval of equipment disposition is required.

If the district disposes of equipment with a fair market value (FMV) that is more than \$5,000.00, the district must submit a cover letter with supporting documentation as per the forms provided by the ESEA office to the field consultant for review and submission to the ESEA office. Upon approval, the district may proceed with the disposition process. If items are to be sold after approval of the disposition, the proceeds must be used to support the program for which the equipment was purchased. Documentation of such sale and use for the program must be maintained.

The School Administrator or Central Office Supervisor(s) shall submit a notification to the Director of Schools of any assets to be disposed whether by sale or not. The Director of Schools, Departmental Supervisor and an individual with relevant knowledge will assess the fair market value of surplus or disposed equipment. If the residual value of said equipment has a fair market value of more than \$5,000, the DeKalb County Board of Education must refund the program for which the equipment was purchased.

Board Policy – 2.403 – Personal Property Sales

## V. Written Compensation Policies

### A. Time and Effort

#### ***Time and Effort Standards***

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

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

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

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

### ***Time and Effort Procedures***

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

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

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

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

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

1. Reflect an after-the-fact distribution of the actual activity;
2. Account for the total activity for which each employee is compensated;

3. Are prepared at least monthly & coincide with one or more pay periods; and
4. Are signed by the employee.

DeKalb County School System uses semi-annual certifications. The supervisor of the responsible department or the principal of the school for which the employee is assigned will sign the semi-annual certifications. These are completed at the end of each semester.

### ***Reconciliation and Closeout Procedures***

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

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

The DeKalb County School System Finance Department prepares monthly Statement of Expenditures and Encumbrances. The statement is distributed to the department supervisors. This is done at least quarterly, but most often monthly.

All department budgets are reconciled with the district and county budgets at the end of each fiscal year. All time and effort certifications are reviewed bi-annually for accuracy and appropriate signatures and dates.

### ***Employee Exits***

DeKalb County Board Policy:

Policy 5.200 – Separation Practices for Tenured Teachers

Policy 5.201 – Separation Practices for Non-Tenured Teachers

Policy 5.202 – Separation Practices for Non-Certified Employees

B. Human Resources Policies

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

The following policies are in accordance with:

- (1) how employees are hired (2 C.F.R. § 200.430(a)(2))

Policy 5.107 – Orientation and Probation

The following policies are in accordance with:

- (2) the extent to which employees may provide professional services outside the District (2 C.F.R. § 200.430(c))

Policy 5.607 – Non-School Employee

The following policies are in accordance with:

- (3) the provision of fringe benefits, including leave and insurance, (2 C.F.R. § 200.431))

Policy 5.301 – Emergency and Legal Leave

Policy 5.302 – Sick Leave

Policy 5.303 Personal and Professional Leave

Policy 5.304 – Long Term Leaves of Absence

Policy 5.305 – Family and Medical Leave

Policy 5.306 – Military Leave

Policy 5.307 – Physical Assault Leave

Policy 5.309 – Legislative Leave

Policy 5.310 – Vacations and Holidays

The following policies are in accordance with:



(4) the use of recruiting expenses to attract personnel (2 C.F.R. § 200.463(b))

Policy 5.801 – Recruitment and Selection

## VI. Record Keeping

### A. Record Retention

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

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

Federal records for DeKalb County School System are kept for five (5) years. When records are no longer needed, they are shredded for disposal.

Policy 2.701 Financial Reports and Records

### B. Collection and Transmission of Records

Records are kept both electronically and as paper copies within each department in the DeKalb County School District. Records are transmitted electronically via ePlan to the state for monitoring, as well as provided physically when requested.

Policy 2.701 Financial Reports and Records

### C. Access to Records

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

#### D. Privacy

Training for all employees on FERPA are on My Benefits Channel. This online training is required for all employees. Also, when any request is made for a copy of a school record, the individual must fill out the Request of Records form, show their driver's license and/or photo identification.

Policy 6.600 – Student Records

Policy 6.604 – Media Access to Students

Policy 6.602 – Inspection and Correction Procedures

Policy 6.601 – Annual Notification of Rights

Policy 1.407 – School Board Records

## VII. Subrecipient Monitoring

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

## VIII. Legal Authorities and Helpful Resources

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

- Education Department General Administrative Regulations (EDGAR)
  - <http://www2.ed.gov/policy/fund/reg/edgarReg/edgar.html>
- Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (2 C.F.R. Part 200)
  - <http://www.eC.F.R..gov/cgi-bin/text-idx?SID=ccccf77e01c9e6d4b3a377815f411704&node=pt2.1.200&rgn=div5>
  -
- USDE's Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (2 C.F.R. Part 3474)
  - [http://www.eC.F.R..gov/cgi-bin/text-idx?SID=ccccf77e01c9e6d4b3a377815f411704&tpl=/eC.F.R.browse/Title02/2C.F.R.3474\\_main\\_02.tpl](http://www.eC.F.R..gov/cgi-bin/text-idx?SID=ccccf77e01c9e6d4b3a377815f411704&tpl=/eC.F.R.browse/Title02/2C.F.R.3474_main_02.tpl)
- Federal program statutes, regulations, and guidance
  - <http://www.ed.gov/>  
<http://www.tennessee.gov/education/districts/index.shtml>
- State regulations, rules, and policies
  - TN State Board of Education Rules and Regulations
    - [http://www.tn.gov/sbe/rul\\_reg.shtml](http://www.tn.gov/sbe/rul_reg.shtml)
  - TN State Board of Education Policies, Standards, and Guidelines
    - <http://www.tn.gov/sbe/policies.shtml>
- District regulations, rules, and policies
  - [www.dekalbschools.net](http://www.dekalbschools.net)
- Organizational Chart

# Appendix A

DeKalb County Board of Education Policies and Procedures

<http://www.dekalbschools.net>

# Appendix B

Forms