



MIZE & HOUSER
COMPANY P.A.

KANSAS PUBLIC SCHOOLS

**ACCOUNTING POLICIES AND
PROCEDURES FOR ADMINISTRATION
OF FEDERAL GRANTS**

JANUARY 2017

Audrey M. Odermann, CPA
Mize Houser & Company P.A.
Certified Public Accountants
211 East 8th Street
Lawrence, Kansas 66044
785-842-8844
www.mizehouser.com
aodermann@mizehouser.com

TABLE OF CONTENTS

Section I – Federal Grant Management Overview

Section II – Finance & Budgeting

Section III – Cash Drawdowns

Section IV – Allowable Costs & Procurement

Section V - Payroll

Section VI - Reporting

Section VII – Records Retention

Section VIII – Fixed Asset Reporting

SECTION I

FEDERAL GRANT MANAGEMENT OVERVIEW

BOARD POLICY OVER GRANTS AND OTHER OUTSIDE FINANCIAL RESOURCES

The board encourages the superintendent to secure federal, state and private grants, or other alternative funding sources for use in curriculum development, staff development, instructional or activity programs and other areas as directed by the board.

The chief financial officer shall approve all grant applications before their submission.

This manual provides guidelines and procedures for budgeting and expending Federal and State Grant funds. It is a compilation of State and Federal laws and local policies and procedures that are to be used for processing all financial and budget related. These guidelines and procedures are supplemental to current policies as outlined in the District "Accounting/Purchasing Procedures" manual.

Although it is not all-inclusive and cannot address all situations, the manual does provide general information to assist with normal, everyday financial transactions. Any and all District personnel with financial duties are responsible for the contents.

Key Staff

Name	Title	Email	Phone
	Superintendent		
	Chief Financial Officer		
	Director of Finance		
	Assistant Director of Finance		
	Grant Accountant		
	Headstart/EC Accountant		
	Grant Writer		

Responsibilities

Overall responsibility for submitting proposals and for executing and administering awards rests within the office of the Chief Financial Officer.

The Chief Financial Officer is the final approval authority for all grant activity.

The overall responsibilities of the Grants Management function include, but are not limited to:

- a. Reviewing all grant applications that have a financial reporting or compliance requirement prior to submission;
- b. Establishing, communicating and promoting policies and procedures consistent with federal, state, and local regulations;
- c. Providing assistance to project managers for the preparation of grant applications;
- d. Exercising budgetary control of grant funds;
- e. Providing overall compliance monitoring to include;
 - Maintaining an adequate internal control structure to ensure compliance with applicable laws and regulations related to the state and federal regulations;
 - Coordinating formal agency audits or interim reviews of grants by federal or state agencies, external/internal auditor(s); and
 - Providing support and guidance to schools and central administrative offices for the effective administration and financial management of grants.

Management of District Assets

The superintendent shall establish and maintain accurate, financial management systems to meet the District's fiscal obligations, produce useful information for financial reports, and safeguard district resources. The superintendent shall ensure the District's accounting system provides ongoing internal controls. The superintendent shall provide regular fiscal reports to the board.

Fraud Prevention and Investigation

All employees, board members, consultants, vendors, contractors and other parties maintaining a business relationship with the District shall act with due diligence in duties involving the District's fiscal resources. The superintendent or designee shall develop internal controls that aid in the prevention and detection of fraud, financial impropriety or irregularity.

Reporting Fraud

An employee who suspects fraud, impropriety or irregularity shall promptly report those suspicions to the immediate supervisor and/or the superintendent. The superintendent or designee shall have primary responsibility for any investigations, in coordination with legal counsel and other internal or external departments and agencies as appropriate.

Whistleblowers

The District encourages complaints, reports or inquiries about illegal practices or violations of District policies, including illegal or improper conduct by the District, its leadership or by others on its behalf. Reports could include, but not be limited to, financial improprieties, accounting or audit matters, ethical violations or other similar illegal or improper practices or policies. The District prohibits retaliation by or on behalf of the District against staff members who make good faith complaints, reports or inquiries under this policy or for participations in a review or investigation under this policy. This protection extends to those whose allegations are made in good faith but prove to be mistaken. The District reserves the right to discipline persons who make bad faith, knowingly false, or vexatious complaints, reports or inquiries or who otherwise abuse this policy.

Complaints, reports or inquiries may be made under this policy on a confidential or anonymous basis. They should describe in detail the specific facts demonstrating the bases for the complaints, reports or inquiries. They should be directed to the superintendent. If the superintendent is implicated in the complaint, report or inquiry, it should be directed to the board of education. The District will conduct a prompt, review or investigation. The District may be unable to fully evaluate a vague or general complaint, report or inquiry that is made anonymously.

Conflict of Interest

District employees are prohibited from engaging in any activity which may conflict with or detract from the effective performance of their duties. No employee will attempt, during the school day or on school property, to sell or endeavor to influence any student or school employee to buy any product, article, instrument, service or other items which may directly or indirectly benefit the school employee. No school employee will enter into a contract for remuneration with the District other than a contract for employment unless the contract is awarded by the superintendent and approved by the Board.

Annual Audit of Financial Records

In accordance with local, state, federal and grant requirements, the financial statements of the District undergo an independent audit annually, including the requirements of KMAAG, the Uniform Guidance and other state and federal requirements.

Selection of auditor is based on qualifications and experience with Kansas School District audits, as well as requirements of the KMAAG, the Uniform Guidance and other state and federal requirements. Selection will not be required to be based on price.

Requirement to rotate auditors via an RFP process is only used in the event that the current auditor can no longer demonstrate their qualifications and experience with

Kansas School District audits, as well as requirements of the KMAAG, the Uniform Guidance and other state and federal requirements.

Upon completion of the audit, but no later than December 31 of each year, the auditor shall make a report directly to the Board of Education regarding audit findings. All audit findings are addressed immediately and corrective action is taken promptly.

SECTION II

FINANCE & BUDGETING

All transactions with in federally funded grants must comply with the Kansas School District Accounting Handbook, which is incorporated throughout.

Financial Management System

The District's financial management system is established to provide for compliance with federal requirements at 2 CFR Part 200.

The District's financial management systems, that include records documenting compliance with federal statutes, regulations, and the terms and conditions of federal awards, must be sufficient to permit:

- a. the preparation of reports required by general and program specific terms and conditions,
- b. and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award.

The financial management systems of the District must provide for the following:

- a. *Identification* – the District must identify, in its accounts, all federal awards received and expended, and the federal programs under which they were received.
- b. *Financial reporting* - accurate, current, and complete disclosure of the financial results of each federal award or program must be made in accordance with the reporting requirements of the grant or subgrant.
- c. *Accounting* records – the District must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation.
- d. *Internal control* - effective control and accountability must be maintained for all funds, real and personal property, and other assets. The District must adequately safeguard all such property and must assure that it is used solely for authorized purposes.
- e. *Budget control* - actual expenditures or outlays must be compared with

budgeted amounts for each federal award. Financial information must be related to performance or productivity data, including the development of unit cost information whenever appropriate or specifically required in the grant or subgrant agreement. If unit cost data are required, estimates based on available documentation will be accepted whenever possible.

- f. *Cash management* - procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury, or the pass-through entity, and disbursement by the District must be followed whenever advance payment procedures are used. Advance payments to the District must be limited to the minimum amounts needed and be timed to be in accordance with the actual, immediate cash requirements of the District in carrying out the purpose of the approved program or project. The timing and amount of advance payments must be as close as is administratively feasible to the actual disbursements by the District for direct program or project costs and the proportionate share of any allowable indirect costs. The District must make timely payment to contractors in accordance with the contract provisions.
- g. *Allowable cost* - applicable Uniform Guidance cost principles, agency program regulations, and the terms of grant and subgrant agreements will be followed in determining the reasonableness, allowability, and allocability of costs.
- h. *Source documentation* - accounting records must be supported by such source documentation as cancelled checks, paid bills, payrolls, time and attendance records, contract and subgrant award documents, etc.

An awarding agency may review the adequacy of the financial management system of any applicant for financial assistance.

Expenditure Account Numbers

The account structure is designed to provide strict compliance with the Kansas Accounting Handbook as published by the Kansas Department of Education. Use of standard function and object codes identifies the reason and object of a transaction. The account structure further provides for a GPP number, which allows the tracking of specific expenditures between separate grants.

The Kansas Accounting Handbook structure provides for compliance with federal requirements within the Uniform Guidance.

Budget Process for Federal and State Grant Funds

The grant managers are responsible for overseeing the budget process for Federal Grants.

When allowable, indirect costs may be included when formulating budgets prior to application submission. The rates are determined by the Kansas State Department of and are effective for the period of July 1 – June 30 of each grant year.

Depending on the grant, the budget process is either done during the writing of the grant or after amounts have been awarded. In each case, the grant manager must submit the grant budget to the Chief Financial Officer. Budget amendments are done with the input from the grant manager and the schools involved, with the approval of the Chief Financial Officer.

If a budget amendment is necessary during the plan year, the grant manager will submit an amendment to the Chief Financial Officer prior to submission to the appropriate entity. The following reasons are allowable for all Federal Funds:

1. 25% rule
2. Change in the number of funding positions
3. Change in program intent
4. Change in funding amount

Supplement Not Supplant Procedures

The District has implemented guidelines to ensure compliance with the federal fiscal requirement of supplement, not supplant. The purpose of the procedures is to ensure that the level of state and local support for programs remains at least constant and is not replaced by federal funds. Federal funds are used to supplement (add to, enhance, to expand, create something new, increase) the funds available from non-federal sources, and not to supplant (replace or take the place of) the existing non-federal funds.

Federal funds may be used only to supplement or augment the educational programs generally offered with state and local funds.

Federal funds may be used only to provide supplemental services that would not have been provided had the federal funds not been available.

State or local funds which previously funded activities may not be diverted to another purpose simply because federal funds are now available to fund those activities. In other words, the use of federal funds may not result in a decrease in state or local funds for a particular activity, which, in the absence of the federal funds, would have been available to conduct the activity.

Federal funds must supplement or augment that which must be provided by state law, or any activities which have been adopted as policy by a local school board of education to fund from non-federal sources.

If federal funds are used to enhance or expand a state mandate, or local board policy, the federal supplementary activities must be separately identified and clearly distinguishable from the activities identified as necessary for implementing a state mandate, SBOE rule, or local board policy as outlined in the implementation plan.

SECTION III

CASH DRAWDOWNS

Cash Management – Federal Programs

Generally, the District receives payment from the Kansas Department of Education (KSDE) on a reimbursement basis. In some circumstances, the District may receive an advance of federal grant funds. In either case, the District shall maintain accounting methods and internal controls and procedures that assure those responsibilities are met. The District has established separation of duties in cash management. Funds from federal agencies are requested by the Director of Finance. Funds are verified by the Assistant Director of Finance when received. Grant status is reviewed by the Grant Accountant/Early Childhood Accountant monthly. Bank reconciliations are performed by the Accountant. Any discrepancies are resolved promptly.

The District has also established procedures for minimizing the time elapsed between draw down of federal funds and expenditure by the district in accordance with 2 CFR Part 200.305:

Payment Methods

Advances

When the District receives advance payments of federal grant funds, it must minimize the time elapsing between the transfer of funds to the District and the expenditure of those funds on allowable costs of the applicable federal program. (2 CFR Sec. 200.305(b)) The timing and amount of cash advances shall be as close as is administratively feasible to the actual cash outlay for direct program costs and the proportionate share of any allowable indirect cost. When applicable, the District shall use existing resources available within a program before requesting additional advances. Such resources include program income (including repayments to a revolving fund), rebates, refunds, contract settlements, audit recoveries, and interest earned on such funds. (2 CFR Sec. 305(b) (5))

The District shall hold federal advance payments in insured, interest-bearing accounts.

The District is permitted to retain for administrative expense up to \$500 per year of interest earned on federal grant cash balances. Regardless of the federal awarding agency, interest earnings exceeding \$500 per year shall be remitted annually to the Department of Health and Human Services Payment Management System (PMS) through an electronic medium using either Automated Clearing House (ACH) network or a Fedwire Funds Service payment. (2 CFR Sec. 200.305(b) (9))

Pursuant to federal guidelines, interest earnings shall be calculated from the date that the federal funds are drawn down from the system until the date on which those funds are disbursed by the District. Consistent with state guidelines, interest accruing on total

federal grant cash balances shall be calculated on cash balances per grant and applying the actual or average interest rate earned. Remittance of interest shall be responsibility of the federal programs coordinator.

Reimbursement

Reimbursement shall be the preferred method when the requirements in the advance payment section are not met.

The District will initially charge federal grant expenditures to nonfederal funds. The federal programs coordinator will request reimbursement for actual expenditures incurred under the federal grants monthly. Such requests shall be submitted with appropriate documentation and signed by the requestor. Requests for reimbursements will be approved by the Assistant Finance Director.

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

Reimbursements of actual expenditures do not involve interest calculations.

Pass-Thru Grants

For all federal grant monies passed through the Kansas Department of Education to the District, monthly draws shall be made by the Director of Finance via Form 240 under the KSDE authenticated applications website. The Director of Finance shall receive from each grant administrator a written statement of monies to be spent prior to filing for Form 240. All reimbursements are based on actual disbursements, not on obligations. KSDE will process reimbursement requests within the timeframes required for disbursement.

Direct Grants

All direct federal grant draws shall be made by the Director of Finance via the PMS website or other required site. Draws will be on a reimbursement basis. Direct grant monies shall be drawn down 3 times per month. Two requests will be after the semimonthly payroll is processed and the third draw will be once a month based on the monthly expenditures in the general ledger.

The District may also be paid by reimbursement for any construction grant. Except as otherwise specified in regulation, Federal agencies shall not use the percentage of completion method to pay construction grants. The District may use that method to pay its construction contractor, and if it does, the awarding agency's payments to the District will be based on the District's actual rate of disbursement.

SECTION IV

ALLOWABLE COSTS & PROCUREMENT

The District has the responsibility to ensure fiscal integrity with all allocated funds. The Federal Fund Expenditure Guidelines set important protocol and procedures for administration in the expenditure of all allocated federal funds.

Allowable Costs

Federal and Grant Funds must be expended for programs, activities, and strategies that are scientifically based on research and that meet the needs for the students served. All applicable requirements of the Federal and Grant Funds regulations, other applicable laws and regulations, and the Uniform Guidance apply to the use of these funds. All costs must be reasonable and necessary to carry out the intent of the program.

Basic Guidelines

1. Factors affecting allowability of costs. To be allowable under Federal awards, costs must meet the following general criteria:
 - a. Be necessary and reasonable for proper and efficient performance and administration of Federal awards.
 - b. Be allocable to Federal awards under the provisions of the Uniform Guidance.
 - c. Be authorized or not prohibited under State or local laws or regulations.
 - d. Conform to any limitations or exclusions set forth in these principles, Federal laws, terms and conditions of the Federal award, or other governing regulations as to types or amounts of cost items.
 - e. Be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit.
 - f. Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
 - g. Except as otherwise provided for in the Uniform Guidance, be determined in accordance with generally accepted accounting principles.
 - h. Not be included as a cost or used to meet cost sharing or matching requirements of any other Federal award in either the current or a prior period, except as specifically provided by Federal law or regulation.
 - i. Be the net of all applicable credits.
 - j. Be adequately documented.
2. Reasonable costs. 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 was made to incur the cost. The question of

reasonableness is particularly important when governmental units or components are predominately federally funded. In determining reasonableness of a given cost, consideration shall be given to:

- a. Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the District or the performance of the Federal award.
- b. The restraints or requirements imposed by such factors as: sound business practices; arms length bargaining; Federal, State and other laws and regulations; and, terms and conditions of the Federal award.
- c. Market prices for comparable goods or services.
- d. Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the governmental unit, its employees, the public at large, and the Federal Government.
- e. Significant deviations from the established practices of the District which may unjustifiably increase the Federal award's cost.

3. Allocable costs.

- a. A cost is allocable to a particular cost objective if the goods or services involved are chargeable or assignable to such cost objective in accordance with relative benefits received.
- b. All activities which benefit from the District's indirect cost, including unallowable activities and services donated to the District by third parties, will receive an appropriate allocation of indirect costs.
- c. Any cost allocable to a particular Federal award or cost objective under the principles provided for in the Uniform Guidance may not be charged to other Federal awards to overcome fund deficiencies, to avoid restrictions imposed by law or terms of the Federal awards, or for other reasons.
- d. Where an accumulation of indirect costs will ultimately result in charges to a Federal award, a cost allocation plan will be required.

Procurement – Federal Programs

General Procurement Standards

The District will use its own procurement procedures which reflect applicable State and local laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this section.

The District will maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.

The District will maintain a written code of standards of conduct governing the performance of their employees engaged in the selection, award and administration of contracts. No employee, officer or agent of the District shall participate in selection, or in the award or administration of a contract supported by a Federal award if a conflict

of interest, real or apparent, would be involved. Such a conflict 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 will receive 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 financial interest is not substantial or the gift is an unsolicited item of nominal value.

The District's procedures will provide for a review of proposed procurements to avoid purchase of unnecessary or duplicative items. Consideration should be given to consolidating or breaking out procurements to obtain a more economical purchase. Where appropriate, an analysis will be made of lease versus purchase alternatives, and any other appropriate analysis to determine the most economical approach.

To foster greater economy and efficiency, the District is encouraged to enter into State and local intergovernmental agreements for procurement or use of common goods and services (awarding agency approval is required before entering into such an agreement).

The District is encouraged to use Federal excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs.

The District must have written procedures for procurement transactions. These procedures must ensure that all solicitations:

1. 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
2. Identify all requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals.

The District must comply with section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. The requirements of Section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at [40 CFR part 247](#) that contain the highest percentage of recovered materials practicable, consistent with maintaining a

satisfactory level of competition, where the purchase price of the item exceeds \$10,000 or the value of the quantity acquired during the preceding fiscal year exceeded \$10,000; procuring solid waste management services in a manner that maximizes energy and resource recovery; and establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.

The District will make awards 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 will maintain records sufficient to detail the significant history of a procurement. 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, and verification that the contractor is not suspended or debarred.

The District may not subcontract with or award subgrants to any person or company who is debarred or suspended. All successful contractors must provide written certification that they have not been suspended or debarred from federal projects. The Federal Programs Coordinator will be responsible for verification. Such verification may include accessing the online federal System for Award Management (SAM) to determine whether any relevant party is subject to any suspension or debarment restrictions.

All encumbrances and expenditures of approved funds shall occur on or after the effective submission date of the application or amendment (date application or amendment was submitted to the Agency, or the first day grant funds are available for obligation, whichever is later), unless otherwise allowed by the Grantor.

Purchase Methods

Procurement authority within the District is governed by Board Policy as follows:

The purchasing, receiving, storing and distribution of supplies, equipment and services for use in the district shall be managed efficiently and economically. The board reserves the right to establish the specifications for and quality of goods or services purchased by the District. Whenever possible, standard lists of supplies and equipment shall be developed in all budget areas. Quantity purchasing is encouraged and the board reserves the right to maintain cost control authority over any goods or services. The board shall appoint a purchasing agent for the District.

The District requires the acquisition of supplies/services be obtained through the District purchase order process. All purchases must go through the District Accounts Payable process.

Local Purchasing

The purchasing agent shall make purchases from local vendors when the price, availability of the product and service are competitive with outside vendors for purchases not subject to the bidding law. The board shall not grant preferential bid percentages to local contractors or businesses except as provided by statute.

Minority Businesses, Women's Business Enterprises, Labor Surplus Area Firms

The District must take necessary affirmative steps to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible. Affirmative steps must include: (2 CFR Sec. 200.321)

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

Requisitions

The purchasing agent shall develop a requisition form to be used by staff members requesting that certain goods be purchased for the District. It is the responsibility of the originator of a purchase request to see that all specifications requested are complete.

All requisitions shall be submitted to the purchasing agent at a time designated by him or her. After a purchase order has been issued, the number of the purchase order shall be recorded on the requisition, and the number of the requisition shall be recorded on the purchase order. After processing, the original copy of the requisition shall be filed in the office of the purchasing agent in numerical sequence.

School letterhead paper shall not be used in ordering supplies and equipment for the personal use or purchase by employees.

A requisition MUST be approved prior to a purchase being made. If this is not done, the campus may be responsible for the cost, NOT grant funds.

Purchase Orders and Contracts

The purchasing agent shall develop an order form compatible with the requisition form to be used in purchasing goods, and shall be authorized to sign all purchase orders.

Each purchase order shall include a specification of the item which adequately describes the characteristics and the quality standards; a quoted, firm, net, delivered price, whenever possible, and prices shown both per unit and as extended; clear delivery instructions which include time and place; a signature of the purchasing agent and budget account code number; and the appropriate address and telephone number.

All purchase orders shall be numbered in sequence; sufficient copies will be made to meet distribution requirements.

Purchasing Authority

The superintendent is authorized to execute contracts on behalf of the District for the purchase of goods and services if the amount is less than \$20,000. The board shall receive reports on any contracts.

Purchases Approval Routing

The District's accounting software allows for approval routing of all purchases prior to issuance of purchase order as follows:

Creator

School Principal/Grant manager

Director of Finance

Director of Procurement



Payment Procedures

The superintendent shall recommend payment to vendors and suppliers for goods and services upon satisfactory receipt of all goods or completion of all services and for which there is a District purchase order number issued as provided for in board policy. Payment can only be made from an **original** invoice **not** from a statement

The board shall consider payment of bills recommended for payment at regular board meetings except as provided for in policy.

The board may designate one or more employees to pay bills in advance of any board meeting in order to avoid a penalty for late payment or to take advantage of any early payment discount.

Additionally, Kansas Statute 12-105b requires all checks must be formally approved by the Board of Education prior to issuance of the check. Check stock and check signing software are secured by the Purchasing department.

All grant-funded purchases must be received in time to substantially benefit the project during the current grant period. The District cannot obligate funds for goods and services during a grant period if the goods and services will be delivered after the ending date of the grant. Equipment purchased with grant funds must be received, installed, and put into service before the ending date of the grant. All obligations and receipt of goods must occur within the grant period.

Micro-Purchases Not Requiring Quotes or Bidding (up to \$3,500)

For purposes of this procedure, **micro-purchase** means a purchase of equipment, supplies or services for use in federally funded programs using simplified acquisition procedures, the aggregate amount of which does not exceed a base amount of \$3,500. The micro-purchase dollar threshold is adjusted periodically by the federal government, and the threshold most recently established and published in the Federal Register shall apply if other than \$3,500.(48 CFR Subpart 2.1)

The micro-purchase method is used in order to expedite the completion of its lowest dollar small purchase transactions and minimize the associated administrative burden and cost. Procurement by micro-purchase is the acquisition of equipment, supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold.

To the extent practicable, the District distributes micro-purchases equitably among qualified suppliers when the same or materially interchangeable products are identified and such suppliers offer effectively equivalent rates, prices and other terms.

Micro-purchases may be awarded without soliciting competitive quotations if the District considers the price to be reasonable. The District will maintain evidence of this reasonableness in the records of all micro-purchases. **Reasonable** means that sound business practices were followed and the purchase is comparable to market prices for the geographic area. Such determinations of reasonableness may include comparison of the price to previous purchases of the same item or comparison of the price of items similar to the item being purchased.

Even if the cost of a purchase qualifies it as a micro-purchase, bidding or small purchase procedures may be used optionally when those procedures may result in cost savings.

Small Purchase Procedures (between \$3,500 and \$20,000)

For purposes of this procedure, small purchase procedures are those relatively simple and informal procurement methods for securing equipment, services, or supplies that cost more than the amount qualifying as a micro-purchase and do not cost \$20,000 or more.

If small purchase procedures are used, written or telephonic price or rate quotations must be obtained from an adequate number of qualified sources.

The base amount at which bidding is required under state law (K.S.A. 72-6760) is \$20,000. Because state law does not require bidding for the purchase of various items under K.S.A. 72-6760(b), small purchase procedures, including a request for proposal (RFP) procedure, may be used for procurement of such other services except when the estimated total cost will be at or over the federal threshold at which formal competitive bidding is required (\$150,000).

Formal Competitive Bidding (\$20,000 or more)

Publicly Solicited Sealed Competitive Bids:

For construction, reconstruction or remodeling or for the purchase of materials, goods or wares, sealed competitive bids are publicly solicited and awarded to the lowest responsive and responsible bidder when the total cost is estimated to be \$20,000 or more.

Because state law does not require bidding for the purchase of various items under K.S.A. 72-6760(b), for procurement of those items or services for federally funded purposes to which the Uniform Grant Guidance applies, formal competitive bidding will be used when the estimated total cost will be at or over the federal threshold of \$150,000.

The federal competitive bidding dollar threshold is adjusted periodically by the federal government, and the threshold most recently established and published in the Federal Register shall apply if other than \$150,000. (48 CFR Subpart 2.1)

Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs must be considered in determining which bid is lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of. Any or all bids may be rejected if there is a sound documented reason.

The District must have a written method for conducting technical evaluations of the proposals received and for selecting recipients.

The District must perform a cost or price analysis in connection with every procurement action in excess of the Simplified Acquisition Threshold including contract modifications. The method and degree of analysis is dependent on the facts surrounding the particular procurement situation, but as a starting point, the District must make independent estimates before receiving bids or proposals.

The District must negotiate profit as a separate element of the price for each contract in which there is no price competition and in all cases where cost analysis is performed. To establish a fair and reasonable profit, consideration must be given to the complexity of the work to be performed, the risk borne by the contractor, the contractor's investment, the amount of subcontracting, the quality of its record of past performance, and industry profit rates in the surrounding geographical area for similar work.

The District is encouraged to use value engineering clauses in contracts for construction projects of sufficient size to offer reasonable opportunities for cost reductions. Value engineering is a systematic and creative analysis of each contract item or task to ensure that its essential function is provided at the overall lower cost.

The District must maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders. The District alone must be 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. The Federal awarding agency will not substitute its judgment for that of the District unless the matter is primarily a Federal concern. Violations of law will be referred to the local, state, or Federal authority having proper jurisdiction.

The District must maintain records sufficient to detail the history of procurement. 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, and the basis for the contract price.

Prohibitions

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

The cost plus a percentage of cost and percentage of construction cost methods of contracting must not be used.

All procurement transactions must be conducted in a manner providing full and open competition consistent with the standards of this section. In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, and 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: (1) Placing unreasonable requirements on firms in order for them to qualify to do business; (2) Requiring unnecessary experience and excessive bonding; (3) Noncompetitive pricing practices between firms or between affiliated companies; (4) Noncompetitive contracts to consultants that are on retainer contracts; (5) Organizational conflicts of interest; (6) 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 (7) Any arbitrary action in the procurement process.

Bids and Quotations Requirements

All purchases requiring competitive bids shall be made in accordance with current statutes. The purchasing agent shall develop and maintain lists of potential suppliers. Bid lists shall be used to notify potential bidders. Any supplier may be included in the list upon request. All bid lists shall be reviewed annually by the purchasing agent. A copy of this policy shall be given to all bidders upon request. All bids and supporting documentation shall be retained in the district office with the clerk for a period of three years after bids have been

Bonding Requirements

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

- a. A bid guarantee from each bidder equivalent to five percent of the bid price. The "bid guarantee" must consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder will, upon acceptance of the bid, execute such contractual documents as may be required within the time specified.
- b. A performance bond on the part of the contractor for 100 percent of the contract price. A "performance bond" is one executed in connection with a contract to secure fulfillment of all the contractor's obligations under such contract.

- c. A payment bond on the part of the contractor for 100 percent of the contract price. A “payment bond” is one executed in connection with a contract to assure payment as required by law of all persons supplying labor and material in the execution of the work provided for in the contract.

Consultants / Contracted Services

1. All consulting agreements must go through the Chief Financial Officer
2. All consultants must be in the vendor system established by the District.
3. Consultants are **never** paid in advance. This should not be reflected in any agreement made with consultant. **Payment is made after services are rendered. This can be done in a series of payments or in one lump sum. Payments are not sent to campus to give to consultant at time of presentation.**

Mileage Reimbursement

1. The District reimbursement rate (in-state and out-of-state) for employees’ personal automobiles is set at a rate equal to the State of Kansas rate. Travel must meet the guidelines for eligibility noted in the grant in that it must meet the basic grant criteria.
2. Mileage reimbursement must be submitted on District approved reimbursement forms as provided on the staff intranet.
3. The expectation is that one car is used for mileage reimbursement when individuals are traveling to the same event, unless valid District business requires otherwise.
4. Travelers are required to select the shortest and most economical route but may justify the selection of another route if it was chosen for safety reasons and specific justification of the selection is given.

Individual Reimbursements

Reimbursements to individuals purchasing items with grant funds are discouraged. The District recommends the use of a purchase order for all expenditures. If personal reimbursement cannot be avoided, the purchaser must complete the Request for Reimbursement Form (as provided on the District intranet) and submit it along with the original invoice. The payment must conform to all grant and District guidelines. Original detailed receipts are required.

Travel Guidelines

A. General Travel Guidelines

In general, “travel” is defined as travel outside the District boundaries where you are acting as a representative of the District. In this case the District may reimburse you

for some or all of your qualified expenses. Approval to travel must be obtained **before** taking any trip as noted above, regardless of expenses requested.

The board shall provide reimbursement for expenses incurred in travel related to the duties of the District's employees when approved in advance by the superintendent or the superintendent's designated representative. Mode of travel will be based on, but not limited to, the availability of transportation, distance and number of persons traveling together. A first class air fare will be reimbursed only when coach space is not available.

Requests for reimbursement shall have the following attached: receipts for transportation, parking, hotels or motels, meals and other expenses for which receipts are ordinarily available.

For the authorized use of a personal car, including approved travel between buildings, staff members shall be reimbursed at a mileage rate established by the board.

District Procurement Cards

District policy allows the use of Procurement Cards for purposes of expediting procurement processes.

Non-administrative staff use of a District credit card, if authorized by the staff member's immediate supervisor, shall be confined to necessary school business and shall be subject to any guidelines for such use established by the board of district administration. Unless otherwise specified in guidelines established pursuant to this policy, staff members shall retain any receipts(s) for District credit card expenditures(s) and shall provide them to the staff member's immediate supervisor as soon as practicable following the expenditure.

The superintendent may designate administrative and other staff members to whom a District credit card will be issued. The board shall annually prescribe limits and restrictions on the use of District credit cards and shall monitor monthly receipts and reimbursement expenses. In no case will credit card expenditures in excess of \$3,000 in a month be authorized for any non-administrative staff member without the prior approval of the superintendent.

Accountings of District credit card use shall be provided to the board for review on a monthly basis, and a record of District credit card usage shall be maintained. Expenses for District travel in personal vehicles or extended travel incurred in the performance of official duties shall be reimbursed in accordance with the provisions of board policy.

SECTION V

PAYROLL

Time and Effort Requirements

School districts are required to maintain auditable "time and effort" documentation that show how each employee paid with federal funds spent his or her compensated time. Such documentation are written, after-the fact (not estimated or budgeted) documentation of how the time was spent. Time and effort reports should be prepared by any staff with salary charged (1) directly to a federal award, (2) directly to multiple federal awards, or (3) directly to any combination of a federal award and other federal, state or local fund sources.

Semi-annual certifications are required for personnel whose compensation is funded solely from federal funds. These certifications document that he/she has been working solely in activities supported by the federal funds (although some District policies require monthly reports for such personnel). The certification must (1) cover a semi-annual period (e.g., September-January and February-June, or September-February and March-August), (2) identify the program, and (3) be signed and dated by an employee and supervisor having first-hand knowledge of the work performed by the employee.

Federally funded employees are required to maintain on file a signed and dated job description which clearly shows that the employee is assigned 100% to the program or single cost objective. The job description must be updated annually or when a function or activity is added to or deleted from an existing job description, must clearly identify the function and activities performed by the employee for the applicable fund source(s) or cost objective, and must be maintained in the employee's personnel file.

Supplemental Pay Procedures

Employees who perform other duties in addition to their regular assignments are paid supplemental pay.

All District employees, full-time or part-time, must be paid through payroll for any type of compensation, EXCEPT reimbursements for travel, fees, dues, etc.

ALL supplemental pay must be approved by the Board prior to the work being performed. Request to the Board must include a clear and accurate description of the duties to be performed

Request for payment must be submitted through on line timesheet system maintained by the District. The employee and Principal/Supervisor/Program Director must approve the timesheet.

SECTION VI

REPORTING

The District will comply with all federal guidelines regarding financial reporting. General requirements are outlined in the Uniform Guidance. Specific requirements may be added under the requirements of certain grants.

Financial reporting

Except as provided in paragraphs 3. of this section, the District will use only the forms specified in this section, and such supplementary or other forms as may from time to time be authorized by OMB, for:

- i. Submitting financial reports to Federal agencies, or
 - ii. Requesting advances or reimbursements when letters of credit are not used.
1. The District shall follow all applicable standard and supplemental Federal agency instructions approved by OMB to the extent required under the Paperwork Reduction Act of 1980 for use in connection with forms specified in this section. Federal agencies may issue substantive supplementary instructions only with the approval of OMB. Federal agencies may shade out or instruct the District to disregard any line item that the Federal agency finds unnecessary for its decision making purposes.
 2. The District will not be required to submit more than the original and two copies of forms required under this part.
 3. Federal agencies may provide computer outputs to the District to expedite or contribute to the accuracy of reporting. Federal agencies may accept the required information from the District in machine usable format or computer printouts instead of prescribed forms.
 4. Federal agencies may waive any report required by this section if not needed.
 5. Federal agencies may extend the due date of any financial report upon receiving a justified request from the District.
 6. *Financial Status Report—(1) Form.* The District will use Standard Form 269 or 269A, Financial Status Report, to report the status of funds for all nonconstruction grants and for construction grants when required.
 7. *Accounting basis.* The District will report program outlays and program income on the KS regulatory basis. If the Federal agency requires accrual information the District shall not be required to convert its accounting system but shall develop such accrual information through an analysis of the documentation on hand.

8. *Frequency.* The Federal agency may prescribe the frequency of the report for each project or program. However, the report will not be required more frequently than quarterly. If the Federal agency does not specify the frequency of the report, it will be submitted annually. A final report will be required upon expiration or termination of grant support.
9. *Due date.* When reports are required on a quarterly or semiannual basis, they will be due 30 days after the reporting period. When required on an annual basis, they will be due 90 days after the grant year. Final reports will be due 90 days after the expiration or termination of grant support.
10. *Federal Cash Transactions Report— (1) Form.* (i) For grants paid by letter or credit, Treasury check advances or electronic transfer of funds, the District will submit the Standard Form 272, Federal Cash Transactions Report, and when necessary, its continuation sheet, Standard Form 272a, unless the terms of the award exempt the grantee from this requirement.

These reports will be used by the Federal agency to monitor cash advanced to the District and to obtain disbursement or outlay information for each grant from the District. The format of the report may be adapted as appropriate when reporting is to be accomplished with the assistance of automatic data processing equipment provided that the information to be submitted is not changed in substance.

1. *Forecasts of Federal cash requirements.* Forecasts of Federal cash requirements may be required in the “Remarks” section of the report.
2. *Cash in hands of subgrantees.* When considered necessary and feasible by the Federal agency, the District may be required to report the amount of cash advances in excess of three days’ needs in the hands of their subgrantees or contractors and to provide short narrative explanations of actions taken by the District to reduce the excess balances.
3. *Frequency and due date.* The District must submit the report no later than 15 working days following the end of each quarter. However, where an advance either by letter of credit or electronic transfer of funds is authorized at an annualized rate of one million dollars or more, the Federal agency may require the report to be submitted within 15 working days following the end of each month.
4. *Request for advance or reimbursement—(1) Advance payments.* Requests for Treasury check advance payments will be submitted on Standard Form 270, Request for Advance or Reimbursement. (This form will not be used for drawdowns under a letter of credit, electronic funds transfer or when Treasury check advance payments are made to the grantee automatically on a predetermined basis.)
5. *Reimbursements.* Requests for reimbursement under nonconstruction grants will also be submitted on Standard Form 270. (For reimbursement requests under construction grants, see paragraph (e) (1) of this section.)

6. Requests for reimbursement under construction grants will be submitted on Standard Form 271, Outlay Report and Request for Reimbursement for Construction Programs. Federal agencies may, however, prescribe the Request for Advance or Reimbursement form, instead of this form.

SECTION VII

RECORDS RETENTION

Record retention timelines are approved by the Board annually. The District will comply with all federal guidelines regarding retention of grant records. If any federal requirements exceed the Board's annual requirements, the District shall retain records for the federally required time period.

Record retention related to grant funds. (2 CFR Part 200.333 and 200.336)

The District shall keep records that fully show:

- a. The amount of funds under the grant or subgrant;
- b. How the District uses the funds;
- c. The total cost of the project;
- d. The share of that cost provided from other sources; and
- e. Other records to facilitate an effective audit,
- f. Other records to show compliance with federal program requirements,

All records must be retrievable and available for programmatic or financial audit.

The District shall provide the federal 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 district records which are pertinent to the federal award. The District shall also permit timely and reasonable access to the District's personnel for the purpose of interview and discussion related to such documents.

Records shall be retained for a minimum of three (3) years from the date of the final expenditure report, or as otherwise specified in the requirements of the federal award, unless a written extension is provided by the awarding agency, cognizant agency for audit, oversight agency for audit or cognizant agency for indirect costs.

If any litigation, claim or audit is started before the expiration of the standard record retention period, the records shall be retained until all litigation, claims or audits have been resolved and final action taken.

Starting date of retention period. When grant support is continued or renewed at annual or other intervals, the retention period for the records of each funding period starts on the day the District submits to the awarding agency its single or last expenditure report for that period. However, if grant support is continued or renewed quarterly, the retention period for each year's records starts on the day the District submits its expenditure report for the last quarter of the Federal fiscal year. In all other cases, the retention period starts on the day the grantee submits its final expenditure report. If an expenditure report has been waived, the retention period starts on the day the report would have been due.

Real property and equipment records. The retention period for real property and equipment records starts from the date of the disposition or replacement or transfer at the direction of the awarding agency.

Expiration of right of access. The rights of access in this section must not be limited to the required retention period but shall last as long as the records are retained.

SECTION VIII

FIXED ASSET REPORTING

Fixed Asset Guidelines for Federal Grant Funds

All purchases of fixed assets must follow guidelines outlined in the District's "Accounting/Purchasing Guidelines" manual.

Items meeting the criteria of a fixed asset must be tagged with a District asset tag. Tagging, reporting, and controlling the asset will follow the Board policy as follows:

Inventories

An accounting will be made annually for all District-owned property, real and personal.

An inventory record system shall be developed by the superintendent. All inventory records shall be annually updated showing deletions and additions, the estimated value, original cost (where available), date of purchase, serial numbers (where available) and location and condition of each piece of District-owned property.

Each building principal shall cooperate with District personnel to take an annual inventory of District-owned property under the direction of the superintendent or designee. Inventory forms shall be developed by the superintendent. One copy of each inventory taken in an attendance center shall be filed in that building, and one copy shall be filed in the central office with the clerk, business office, and chief financial officer.

The District procedures also follow federal regulations at the Uniform Guidance, which refers to capitalization of cost with items purchased that exceeds \$5,000 and has a shelf life of more than 12 months. Items purchased with federal dollars and exceeding this limit must be individually identifiable in the fixed asset system.

Management requirements. Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part with grant funds, until disposition takes place will, as a minimum, meet the following requirements:

1. Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
2. A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.

3. A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft shall be investigated.
4. Adequate maintenance procedures must be developed to keep the property in good condition.
5. If the District is authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return.

Disposal of capitalized assets must follow board policy as follows:

Equipment and Supplies Sales

Excess or unusable District-owned equipment and supplies will be disposed of following board approval.

Sale of District Property

The board may dispose of property in a manner the board deems to be in the District's best interest. Whenever excess District property is to be sold at auction, all sales shall be to the highest bidder. No credit shall be extended.

The Uniform Guidance provides additional requirements around disposal of fixed assets purchased with federal dollars.

Disposition. When original or replacement equipment acquired under a grant or subgrant is no longer needed for the original project or program or for other activities currently or previously supported by a Federal agency, disposition of the equipment will be made as follows:

1. Items of equipment with a current per-unit fair market value of less than \$5,000 may be retained, sold or otherwise disposed of with no further obligation to the awarding agency.
2. Items of equipment with a current per unit fair market value in excess of \$5,000 may be retained or sold and the awarding agency shall have a right to an amount calculated by multiplying the current market value or proceeds from sale by the awarding agency's percentage of participation in the cost of the original purchase.