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levels of
learning for
ALL students



Policies and Procedures Used By
INDEPENDENT SCHOOL DISTRICT NO. 1
Federal Cash and Purchasing Handbook
To Administer Federal Funds

Board Approved July 10, 2023

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Introduction and Overview

Introduction

This manual sets forth the policies and procedures used by Independent School District No. 1 (District) to administer federal funds. The manual contains the internal controls and grant management standards used by the District to ensure that all federal funds are lawfully expended. It describes in detail the District's financial management system, including cash management procedures, procurement policies; inventory management protocols; procedures for determining the allowability of expenditures; time and effort reporting; record retention; and sub-recipient monitoring responsibilities. New employees of the District, as well as incumbent employees, are expected to review this manual to gain familiarity and understanding of the District rules and practices.

Overview

Federal regulations require grantees to use fiscal control and fund accounting procedures that ensure proper disbursement of and accounting for federal funds (34 CFR 76.702 and 2 CFR 200.302). Implementing and maintaining a proper accounting system is a fiduciary responsibility associated with receiving a federal award. The acceptance of an award creates a legal duty on the part of the District to use the funds or property made available under the award in accordance with the terms and conditions of the grant. The approved grant application itself constitutes an accounting document that establishes the purposes and amount of the awarding agency's obligation to the grantee. In turn, it establishes a commitment by the District to perform and expend funds in accordance with the approved grant agreement and the applicable laws, regulations, rules, and guidelines. 2 CFR 200.306(b)

Financial management requirements for Idaho school Districts are established by the following:

- Local, State and SDE Policies
- Federal Regulations
- Idaho Code
- IDAPA Rules
- Idaho's Financial Reporting Management System (IFARMS). IFARMS provides the basis for complete financial and cost accounting, for the development of program budgets, and for the preparation of periodic financial reports in a uniform manner.

Financial Management System Procedures

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

Financial Reporting

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

Accounting Records

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

Internal Controls

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

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

- 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.

Budget Control

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

Cash Management

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

Please see page 13 for these written cash management procedures.

Allowable Costs

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

Please see page 7 for these written allowability procedures.

B. Overview of the Financial Management/Accounting System

The District uses Skyward School Business software for all its accounting, Financial Management and Human Resources systems. The Skyward software consists of multiple modules that interface, including General Ledger, Purchasing, Receiving, Inventory, Accounts Payable and General Fixed Assets. In addition, the Human Resources components include Employee Management, Payroll, Applicant Tracking and Salary Negotiations.

The Director of Business Services is responsible for managing budgets, payroll, purchasing and accounts payable. The general District budget is developed and loaded into the system during the months of April and May each year. Budgets for federal programs are based upon allocation estimates provided by the State Department of Education. The Board of Directors hold a budget hearing in accordance with Idaho Code and formally approve the budget. In June, federal program directors, working with estimated allocation figures, submit the Consolidated Federal and State Grant Application (CFSGA). Once the CFSGA is approved and actual allocation figures are known, the original budget(s) are revised to align with each grant approval.

Unique fund numbers are set up to track each federal award in the Skyward system. The fund name is consistent with the CFDA title. A paper file is maintained for each federal award where award documents are maintained, along with monthly financial reports and copies of reimbursement requests. Federal award files contain the CFDA title and number, federal award identification number and year, name of the federal agency, and, if applicable, the name of the pass-through entity. The federal award files are retained for a minimum of five (5) years plus the current year in accordance with the District retention policy.

The Director of Business Services is responsible for compiling timely and accurate financial reports subject to the review and approval of the director of the grant program and/or the Superintendent (or designee). Detail transaction reports are programmed to email to responsible staff on a monthly basis directly from the Skyward financial management system. The reports do include monthly and cumulative expenditures, project budgets and balance(s) remaining.

C. Budgeting

The Planning Phase: Meetings and Discussions

Before Receiving the Grant Award Notice (GAN): Federal program director(s) develop program goals and objectives to supplement District resources in serving students in alignment with the District Continuous Improvement Plan. Federal program director consults with Director of Business Services to calculate salaries and benefits that will be paid to employees paid with grant funds. The preliminary budget is submitted with the grant application and adjusted after receipt of the GAN if necessary.

Reviewing and Approving the Budget

By October, the federal program director reviews the items in the budget with advisory staff at the SDE to ensure all items are allowable. See page 7 for a discussion on performing allowability determinations. If the federal program director determines that a cost is not allowable, then the program plan is revised to remove the non-allowable component and replaced with an allowable component. The budget is not submitted for final approval until all components are determined to be allowable.

Once the federal program director determines that all budgeted items are allowable, the budget is submitted to the SDE for final review and approval. Generally, the budget receives final approval by November. Once the SDE has approved the final budget, the federal program director notifies the Director of Business Services, who makes any necessary adjustments to the preliminary budget loaded in the Skyward financial management system.

After Receiving the GAN

The federal program director meets with program staff and directs the program to proceed as outlined in the plan and within the approved budget.

Amending the Budget

If budget amendments are necessary because of a change in the federal allocation, the District is notified by the SDE. The federal program director meets with the Director of Business Services to discuss how the budget will be changed, including what activities will be added or subtracted and the dollar amounts associated with them; appropriate changes will be made in the Skyward system. All documents related to the budget amendment are retained in the official grant file. An electronic record of all budget entries are maintained in the Skyward system history files for easy retrieval.

Budget Control

The District monitors its financial performance by comparing and analyzing actual results with budgeted results. Detail transaction reports are programmed to email to responsible staff on a monthly basis directly from the Skyward financial management system. The reports do include monthly and cumulative expenditures, project budgets and balance(s) remaining.

D. Accounting Records

All accounting records are maintained in the Skyward Financial Management System. The Chart of Accounts was developed in alignment with the Idaho Financial Accounting Reporting

Management System (IFARMS). The District Business Office is responsible for maintaining the accounting records, subject to approval of the Superintendent (or designee).

E. Spending Grant Funds

While developing and reviewing the grant budget, the federal program directors keep in mind the difference between direct costs and indirect costs, as defined in EDGAR and 2 CFR Part 200 the Uniform Administrative Requirements Cost Principles and Audit Requirements for Federal Awards (referred to as Part 200). All costs must be properly and consistently identified as either direct or indirect in the accounting system. It is the policy and/or procedure for the District to review these costs in the following order to ensure the principles of the award are followed.

Direct and Indirect Costs

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 costs are treated as direct costs 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: The State Department of Education, Public School Finance Department computes and issues the restricted indirect cost rate to those Districts who request one for one fiscal year. Annually, the Director of Business Services completes the SDE prescribed Indirect Cost Rate Form, and submits the completed form to the Public School Finance Department by February of each year. The Indirect cost rate is issued in the spring to be used for the upcoming school year.

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. The District reserves the right to waive the application of indirect costs to any grant project in the interest of maintaining the entire project award for the benefit of direct program services.

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.

F. Employees Paid with Federal Funds and Unexpected or Extraordinary Closures

During any emergency closure of District facilities, District employees who are paid with federal funds shall be compensated or given unpaid time off in the same manner as similarly situated District employees paid with District funds. Such employees shall continue to perform their grant-funded duties during the closure, to the extent possible. This may include, to the extent practicable, working by phone, email, and video conference. Employees supported with federal grant funds who are intended to provide direct services to students may maintain contact with students during the period of the unexpected or extraordinary closure using the alternative, appropriate methods. District employees paid with federal funds shall return to work as soon as possible.

G. Federal Funding

It is the intent of the District to apply consistent accounting treatment when allocating funds across both federal and non-federal funding streams. The District will ensure that the expenditures incurred meet allowability requirements for the specific program and are both reasonable, regardless of whether the funding stream is federal, state, or local in nature.

Determining Allowability of Costs Procedures

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, District staff responsible for federal program 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 CFR Part 3474 and 2 CFR Part 200, which are provided in the bulleted list below. The following factors must be considered when making an allowability determination specific to each program.

Necessary and Reasonable

All costs must be **Necessary and Reasonable** for the performance of the federal award. The department 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 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 in 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.

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

All costs must be allocable to the federal award. Allocable 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 an employee's salary is paid with grant funds, then that employee must spend at least 50% of his or her time on the grant program.

Consistent with policies and procedures

All costs must be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the District and SDE.

- 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 costs must be adequately and properly documented. All costs must be determined in accordance with generally accepted accounting principles (GAAP), unless provided otherwise in Part 200.

Not included as a match or cost-share

Costs cannot be 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. Examples 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.

District vs Federal and State Cost Guidelines

Federal rules require State/District level requirements and policies regarding expenditures to be followed as well. For example, District policies relating to travel or equipment may be narrower than the State rules. **The stricter guidance must be followed.**

The District adheres to the Travel Policy 4590 found in the official Rules and Regulations (Board Policy) as approved by the Board of Directors.

<http://www.boarddocs.com/id/lisd1/Board.nsf/Public>

Frequent Types of Costs

Travel: Travel costs are the expenses for transportation, lodging, subsistence, and related items incurred by employees who are in overnight travel status on official business of a grant recipient. Employee travel must be pre-approved on a *Request to Attend Professional or Educational Meeting* form signed by the Superintendent or designee. Travel costs are reimbursed on an actual cost and mileage basis, 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).

Travel costs must be consistent with the District Travel Policy 4590. Meals are reimbursed at actual cost, supported by detailed receipts, not to exceed \$25 per day. Mileage is reimbursed at the published federal rate. 2 C.F.R §200.474(b).

Selected Items of Cost

Part 200 examines the allowability of 55 specific cost items 2 C.F.R. §§ 200.420-200.475. These cost items are listed in the chart below along with the citation where its allowability is discussed. The expenditure may be unallowable for a number of reasons, including: the express language of the regulation; the terms and conditions of the grant; or State/local restrictions. The item may also be unallowable because it does not meet one of the cost principles. 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. District must follow these rules when charging these specific expenditures to a federal grant. In addition, State, District and program-specific rules may deem a cost as unallowable and District personnel must follow those non-federal rules as well.

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

Item of Cost	Citation of Allowability Rule
Advertising and public relations costs	2 CFR § 200.421
Advisory councils	2 CFR § 200.422
Alcoholic beverages	2 CFR § 200.423
Alumni/ae activities	2 CFR § 200.424
Audit services	2 CFR § 200.425
Bad debts	2 CFR § 200.426
Bonding costs	2 CFR § 200.427
Collection of improper payments	2 CFR § 200.428
Commencement and convocation costs	2 CFR § 200.429
Compensation – personal services	2 CFR § 200.430
Compensation – fringe benefits	2 CFR § 200.431
Conferences	2 CFR § 200.432
Contingency provisions	2 CFR § 200.433
Contributions and donations	2 CFR § 200.434

Defense and prosecution of criminal and civil proceedings, claims, appeals and patent infringements	2 CFR § 200.435
Depreciation	2 CFR § 200.436
Employee health and welfare costs	2 CFR § 200.437
Entertainment costs	2 CFR § 200.438
Equipment and other capital expenditures	2 CFR § 200.439
Exchange rates	2 CFR § 200.440
Fines, penalties, damages and other settlements	2 CFR § 200.441
Fund raising and investment management costs	2 CFR § 200.442
Gains and losses on disposition of depreciable assets	2 CFR § 200.443
General costs of government	2 CFR § 200.444
Goods and services for personal use	2 CFR § 200.445
Idle facilities and idle capacity	2 CFR § 200.446
Insurance and indemnification	2 CFR § 200.447
Intellectual property	2 CFR § 200.448
Interest	2 CFR § 200.449
Lobbying	2 CFR § 200.450
Losses on other awards or contracts	2 CFR § 200.451
Maintenance and repair costs	2 CFR § 200.452
Materials and supplies costs, including costs of computing devices	2 CFR § 200.453
Memberships, subscriptions, and professional activity costs	2 CFR § 200.454
Organization costs	2 CFR § 200.455
Participant support costs	2 CFR § 200.456
Plant and security costs	2 CFR § 200.457
Pre-award costs	2 CFR § 200.458
Professional services costs	2 CFR § 200.459
Proposal costs	2 CFR § 200.460
Publication and printing costs	2 CFR § 200.461
Rearrangement and reconversion costs	2 CFR § 200.462
Recruiting costs	2 CFR § 200.463
Relocation costs of employees	2 CFR § 200.464
Rental costs of real property and equipment	2 CFR § 200.465
Scholarships and student aid costs	2 CFR § 200.466
Selling and marketing costs	2 CFR § 200.467
Specialized service facilities	2 CFR § 200.468
Student activity costs	2 CFR § 200.469
Taxes (including Value Added Tax)	2 CFR § 200.470
Termination costs	2 CFR § 200.471
Training and education costs	2 CFR § 200.472

Transportation costs	2 CFR § 200.473
Travel costs	2 CFR § 200.474
Trustees	2 CFR § 200.475

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 Individuals with Disabilities Education Act (IDEA) Part B and Preschool along with accompanying program regulations, non-regulatory guidance and grant award notifications.

As a practical matter, District staff responsible for federal program 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.

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

State Department of Education Resources

IDEA part B

<http://www.sde.idaho.gov/sped/funding/>

Title I-A Allowable vs Unallowable (Fiscal compliance tab):

<http://www.sde.idaho.gov/federal-programs/funding/index.html>

Title II-A Allowable Activities

<http://www.sde.idaho.gov/federal-programs/teacher/index.html>

Title I-C Non-Regulatory Guidance

<http://www.sde.idaho.gov/el-migrant/migrant/files/general/Title-I-C-Non-Regulatory-Guidance.pdf>

Title III-Program Guidance

<http://www.sde.idaho.gov/el-migrant/el/index.html>

Helpful Questions for Determining Whether a Cost is Allowable

This section provides additional helpful questions to ask when determining whether a cost is allowable. Sample language is provided below and should be modified based on the needs and practices of the District.

In addition to the cost principles and standards described above, District staff can refer to this section for a useful framework when performing an allowability analysis. In order to determine the allowability of the purchase, 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)?

Federal Cash Management Procedures

The District will comply with all applicable methods and procedures for payments 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 CFR Part 205. Generally, the District receives payment from the State Department of Education on a reimbursement basis. 2 CFR § 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 CFR § 200.305(b)(9).

Payment Methods

Reimbursements: The District will initially pay for federal grant expenditures with nonfederal funds.

The Director of Business Services will request reimbursement for actual direct expenditures incurred under the federal grants on a monthly basis. Requests for reimbursement will be supported by a general ledger report from the Skyward financial management system showing the dollar amounts expended in each expense object (category).

Federal subawards/allocations: All reimbursement requests will be submitted through the Grant Reimbursement Application (GRA) electronically.

GRA portal: <https://apps.sde.idaho.gov/GrantReimbursement/>

The State Department of Education will process reimbursement requests received on or before the 10th of the month and the 24th of the month, and will be paid by the 11th and 25th of the month, accordingly.

Some funding will require the completion of traditional paper invoices or separate reimbursement requests.

GRA requests or invoices (whichever applies) are submitted to the State Department of Education. All reimbursements are based on actual disbursements, not on obligations.

Consistent with state and federal requirements, the District will maintain source documentation supporting the federal expenditures and will make such documentation available for State Department of Education review upon request.

Timely Obligation of Funds

When Obligations are Made

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

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

If the obligation is for:	The obligation is made:
Acquisition of property	On the date which the District makes a binding written commitment to acquire the property
Personal services by District employee	When the services are performed
Personal services by a contractor who is not a District employee	On the date which the District makes a binding written commitment to obtain the services. Contract or Purchase Order required.
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 CFR 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.

In addition, the District system requires *encumbrance* accounting. When Purchase Orders are issued, funds are encumbered accordingly. The amount *committed (or obligated)* must also be known to avoid over-expenditure of budgeted funds.

Period of Performance of Federal Funds

State-Administered Grants (*Grants that are received through the pass-through agency such as State Department of Education*)

All obligations must occur on or between the beginning and ending dates of the grant project. 2 C.F.R. § 200.309. This period of time is known as the period of performance. 2 C.F.R. § 200.77. The period of performance is dictated by statute and will be indicated in the Grant Award Notice. Further, certain grants have specific requirements for carryover funds that must be adhered to.

State-Administered Grants (also known as pass-through grants) are available for 27 months. The period of availability is 27 months. Federal education grant funds are typically awarded on **July 1 of each 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.

The following grants have the period of availability of 27 months:

Grants under the Individuals with Disabilities Education Act (IDEA)

- IDEA Part B
- Preschool

Grants under Every Student Succeeds Act (ESSA)

- Title I, Part A - Improving Basic Programs
- Title I, Part A (Sec. 1003) - School Improvement
- Title I, Part C - Education of Migratory Children
- Title I, Part D - Prevention and Intervention Programs for Children and Youth who are Neglected, Delinquent, or at Risk
- Title II, Part A - Supporting Effective Instruction
- Title III - Language Instruction for English Learners and Immigrant Students
- Title IV – Student Engagement
- Title V-B, (Sec. 5003) - Rural Education Initiative
- Title IX - Education for the Homeless

All grants under ESSA have limitation on maximum carryover amounts (see page 16).

State-Administered Grants available for less than 27 months

From time to time, the District may be eligible for grants that have additional State restrictions on the period of availability, such as the 21st Century Community Learning Centers (CCLC) program or GEARUP.

Direct Grants: The District also applies for certain grants directly to the US Department of Education. There is no intermediary agency. Direct DOE grants include Indian Education under Title VII, for which reimbursement requests are made directly to the DOE via the online G5 system. In general, the period of availability for funds authorized under direct grants is identified in the Grant Award Notice.

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 or liquidated within the appropriate timeframe will lapse and must be returned to the awarding agency. 2 C.F.R. § 200.343(d). The District closely monitors 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. Carryover funds continue to be available 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.

Carryover limitation depends on program requirements:

Program	Maximum Percent of Total Allocation
Title IA Basic Program	15%
Title IIA Improving Teacher Quality	25%, reasonable and necessary
IDEA Part B	>10% will require justification

Carryover Procedures

For all applicable grants, the carryover certification/verification is part of the grant application process. The State Department of Education (SDE) requires that each District calculate the amount of funds to be carried from one school year to the next and include the carryover amount in the current school year’s budget. District must submit an application for funding to the SDE to receive Federal grant funds. Calculation of carryover amount is part of the plan and budget contained in the application. When final allocations are available, the District will adjust the budgets to align the final allocation amount with the internal budget, as well as reflect the actual carryover amount as of September 30th.

Excess Carryover for ESSA grants only: Should the District exceed the carryover limitation and be ineligible for a waiver, the amount that has been exceeded reverts back to the State.

Waiver: The carryover limitation may be waived if the State Department of Education determines that the request of the District is reasonable and necessary.

Program	How often can waiver be requested?
Title IA Basic Program	Once every three years
Title IIA Improving Teacher Quality	Waived with exception per occurrence

The waiver is submitted through the comment section of the Consolidated Federal and State Grants Application. Narrative explanation:

- ✓ WHY the District has the excess carryover

- ✓ The plan to expend the funds in the coming year, to avoid the excess carryover in the future

Direct Grants

Grantees receiving direct grants are not covered by the 12 month Tydings period. 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. District must provide written notice of extension 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 Central Office Administrator responsible for the direct grant project would determine whether an extension is necessary to accomplish the objectives of the grant project and would write the written notice for extension of time. The notice must detail the timeframe for completion and be sent prior to the expiration of the original grant period. The Superintendent shall give final approval of extension.

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).
- Requests in these circumstances shall not be made without Board approval.

Program Income

Program Income generally does not apply to Independent School District No. 1 with respect to federal grant funds. The following definitions are guidelines are to be used in the event that program income becomes a factor in any grant funded program.

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. 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 District 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 Notice prior to determining the appropriate use of program income.

Procurement System Procedures

The District maintains the following purchasing procedures.

A. Responsibility for Purchasing

Overview

Procurement involves the planning that goes into purchasing food, supplies, goods, and services. In terms of federal programs (such as Child Nutrition, Education grants under ESSA, IDEA Part B and Preschool), the District must comply with federal procurement standards found in 2 CFR Part 200, as well as any additional applicable state and local procurement regulations (which may be more restrictive than federal standards). The District must follow whichever regulations are the most restrictive. These standards are meant to prevent fraud, waste, and program abuse.

The District purchasing policy is found in District Rules and Regulations 2090. The Director of Business Services is appointed by the Board to serve as purchasing agent and administers the purchasing program.

B. Purchase Methods

Must have a Code of Conduct		
Must have written procedures relating to procurement transactions		
\$0 to \$10,000	<p>Micro Purchases</p> <p>To the extent practicable, the District distributes micro-purchases equitably among qualified suppliers. Micro Purchases may be awarded without soliciting competitive quotations if the District considers the price to be reasonable. The District maintains evidence of this reasonableness in records of all micro-purchases.</p> <p><i>The purchase of capital items with federal funds is discouraged. Computers and like devices, regardless of cost must be tagged and inventoried. Electronic devices are to be purchased in coordination with IT.</i></p>	<p>2 CFR 200.320 (a)</p> <p>and defined by</p> <p>2 CFR 200.67</p> <p>Idaho Code 33-601</p>
\$10,001 - \$49,999	<p>Small Purchase Procedures</p> <p>No sealed bids, but quotations are obtained from at least 2 numbers of qualified sources if possible. If small purchase procedures</p>	<p>2 CFR 200.320 (b)</p> <p>Procurement by small purchase procedures</p> <p>IDAPA 38.05.01</p>

	are used, verbal price or rate quotations must be obtained from an adequate number of qualified sources. Document all verbal responses.	
\$50,000 to \$99,999	Large Purchase Procedures Semi-Formal bidding: Issue written requests for bids describing goods or services desired to at least three vendors. Allow 3 days for written response, unless an emergency exists; 1 day for objections.	IC 67-2806 (1)
\$100,000 and above	Formal bidding Publish notice at least 2 weeks in advance of bid opening. Make bid specifications available; written objections allowed. May request bid security/bond. All bids will be publicly opened at the time and place prescribed in the invitation for bids. A firm fixed price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming to all the material terms and conditions of the invitation for bid, is the lowest in price. Any or all bids may be rejected if there is a sound documented reason.	IC 67-2806 (2) Idaho requirements. 2 CFR Part 200.319 provides the language below (see the section Purchases over \$100,000) provides the minimum requirements of a solicitation –Must take the most restrictive

Purchases over \$5,000 from Child Nutrition Programs

In accordance with USDA regulations, purchases over \$5,000 from Child Nutrition Programs must be approved in advance by the State through submission of a Capital Expenditure Request Form.

Purchases over \$100,000

Sealed Bids (Formal Advertising): Purchases over \$100,000 must be approved in advance by the Board of Directors. Bids are advertised pursuant to Idaho Code 67-2806 et seq. Bids are publicly solicited and a firm fixed price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming to all the material terms and conditions of the invitation for bids, is the lowest in price. The sealed bid method is the preferred method for procuring construction services, if the following conditions apply:

- A complete, adequate, and realistic specification or purchase description is provided at the District office and on the District website;
- Two or more responsible bidders are willing and able to compete effectively for the business; and

- The procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally on the basis of price.

If sealed bids are used, the following requirements apply:

- Bids must be solicited from an adequate number of suppliers, providing them sufficient response time prior to the date set for opening the bids and the invitation for bids must be publically advertised;
- The invitation for bids will direct bidders to the detailed specifications and pertinent attachments and must define the goods or services in sufficient detail for the bidder to properly respond;
- All bids will be opened at the time and place prescribed in the invitation for bids, and must be opened publicly;
- A firm fixed price contract award must be made in writing to the lowest responsive and responsible bidder.

Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs 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.

Competitive Proposals: Requests for Proposals (RFP) and Requests for Qualifications (RFQ) are used 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.

The RFP/RFQ bid documents shall include an evaluation matrix or tool that will be used to conduct technical evaluations of the proposal submitted and for selecting the successful proposal. Each evaluation tool shall be constructed to evaluate specific components contained in the specifications of the project to be completed by the firm selected. Technical evaluations shall be made by a committee made up of representatives approved by the Superintendent or designee. The evaluation committee shall make a recommendation to the Board and the Board shall award the bid in an open meeting.

Contract/Price Analysis: The District performs a cost or price analysis in connection with every procurement action in excess of \$50,000, including contract modifications. A cost analysis generally means evaluating the separate cost elements that make up the total price, while a price analysis means evaluating the total price, without looking at the individual cost elements.

The method and degree of analysis is dependent on the facts surrounding the particular procurement situation; however, the Central Office Administrator requesting the project being bid must come to an independent estimate prior to receiving bids or proposals. Similar proposals or projects may be used in this analysis, including conferring with other school Districts who have pursued similar procurements. 2 C.F.R. § 200.323(a).

When performing a cost analysis, the Superintendent and/or the Director of Business Services 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).

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.

A cost or price analysis will be performed for noncompetitive proposals when the price exceeds \$50,000.

C. Purchasing Cards.

The District does not issue Purchasing Cards. The District has one credit card that is kept in the Business Office vault and used to make pre-approved purchases as needed. The Director of Business Services is responsible for the card and may designate Business Department staff to make authorized purchases after the regular approval process has been completed.

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.

Minority Businesses, Women’s Business Enterprises, Labor Surplus Firms

To assure that minority businesses, women’s business enterprises, and labor surplus area firms are used when possible, The District will:

1. Place qualified small and minority business and women’s business enterprises on solicitation lists.
2. Assure that small and minority businesses, and women’s business enterprises are solicited whenever they are potential sources.
3. Divide 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. Establish delivery schedules, where the requirement permits, which encourage participation by small and minority business and women’s business enterprises.
5. Use 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. Require the prime contractor, if subcontracts are let, to take the affirmative steps listed above.

Buy American Provision

In accordance with 7 C.F.R. § 210.21(d), the District will to the maximum extent practicable, products shall be domestically grown and processed in the United States or its territories. Bidders acknowledges and certify that his/her company complies with the Buy American provision that the food delivered is of domestic origin or the product is substantially produced in the United States. For these purposes, substantially means over 51 percent of the processed food is from American-produced products. If the bidder is unable to certify compliance with the Buy American provision, the bidder shall state this in his/her response and provide an explanation as to why it cannot certify compliance.

An exception to the Buy American provision will be considered upon request in the following situations:

- A. The product is not produced or manufactured in the U.S. in sufficient and reasonably available quantities; (or)
- B. Cost comparisons reveal that a U.S. product costs significantly more than a foreign product.

Any product not substantially produced in the United States shall be identified as “non-domestic” with its place of origin specified. The bidder shall provide documentation to support the use of a non-domestic food item.

The successful bidder will monitor product specification and notify the District immediately if any product is no longer substantially produced in the U.S. When a food product is not available domestically, the District is allowed to accept imported substitutions. The successful bidder must monitor seasonal changes and notify the District if an imported product is being substituted.

Anti-Isreal Boycott

For contracts \$100,000 or more, Idaho Code Section 67-2346 prohibits the District from contracting with any company (of more than ten employees) that engages in an anti-Israel boycott. This includes refusing to deal with, terminating activities, or other activities that are intended to discriminate against or inflict economic harm on the state of Israel or its territories.

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 not practical or economical to make a clear and accurate description of the technical requirements, a “brand name or equivalent” description may be used as a means to define the performance or other salient requirements of procurement. The specific features of the named brand which must be met by offers must be clearly stated; and identify all requirements which the offers must fulfill and all other factors to be used in evaluating bids or proposals. 2 C.F.R § 200.319(c).

E. Federal Procurement System Standards

Avoiding Acquisition of Unnecessary or Duplicative Items

The District must avoid the acquisition of unnecessary or duplicative items. Additionally, consideration is given to consolidating or breaking out procurements to obtain a more economical purchase. And, where appropriate, an analysis must be made of leases versus purchase alternatives, or any other appropriate analysis to determine the most economical approach.

These considerations are given as part of the process to determine the allowability of each purchase made with federal funds. Please see page 7 for written procedures on determining allowability.

Use of Intergovernmental Agreements

To foster greater economy and efficiency, the District enters into state and local intergovernmental agreements where appropriate for procurement or use of common or shared goods and services. The District also participates in purchasing cooperatives to “piggy back” on contracts that have been awarded by other governmental agencies utilizing the formal bid process within the past year.

Use of Federal Excess and Surplus Property

The District considers 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.

Debarment and Suspension

The District awards 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. For all contracts over \$25,000 the District verifies that the vendor with whom it intends to do business is not excluded or disqualified. 2 C.F.R. Part 200, Appendix II(1) and 2 C.F.R. §§ 180.220 and 180.300.

District Business Office personnel checks Excluded Parties List System database maintained by the Federal government at <https://www.sam.gov>, and checks the Idaho State Repository: <https://www.idcourts.us/repository/start.do> to ensure the person or company is neither debarred nor suspended prior to awarding the contract.

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.

Please see page 40 for more information on the District’s record policies.

Time and Materials Contracts

The District does not utilize Time and Materials contracts.

Settlements of Issues Arising Out of Procurements

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

Bid Protest Procedure

Bidding is carried out pursuant to the procedures set forth in Idaho Code § 67-2806 entitled Purchasing by Political Subdivisions. The following language shall appear in the Notice soliciting bids, describing the process for filing objections and instructing respondents to direct objections to the Director of Business Services.

Sub-section 67-2806(2)(c) describes the process for objections to specifications or bid procedures:

“Written objections to specifications or bid procedures must be received by the clerk, secretary or other authorized official of the political subdivision at least three (3) business days before the date and time upon which bids are scheduled to be received.”

Idaho Code § 67-2806(2)(j) describes the process for objections to the award:

“If any participating bidder objects to such award, such bidder shall respond in writing to the notice from the political subdivision within seven (7) calendar days of the date of transmittal of the notice, setting forth in such response the express reason or reasons that the award decision of the governing board is in error. Thereafter, staying performance of any procurement until after addressing the contentions raised by the objecting bidder, the governing board shall review its decision and determine whether to affirm its prior award, modify the award, or choose to re-bid, setting forth its reason or reasons therefor. After completion of the review process, the political subdivision may proceed as it deems to be in the public interest.”

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. Idaho Code § 18-1359(e) describes immediate family as any person related by blood or marriage within the second degree.

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, not to exceed fifty dollars (\$50.00) as described in Idaho Code § 18-1359(b).

Organizational Conflicts

The District does not have a parent, affiliate or subsidiary organization with which organizational conflicts of interest in procurement actions may occur.

Disciplinary Actions

Individual employees who intentionally violate standards of conduct shall be entitled to due process as required by law. If found guilty of intentional violation of standards of conduct and/or state or local statute, the supervisor of such employee will take corrective action in consultation with the Human Resources Supervisor and legal authorities if appropriate.

Mandatory Disclosure

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

F. Contract Administration

The District maintains the following oversights to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.

The Central Office Administrator responsible for the contract for services shall submit an invoice from the contractor or service provider and acknowledge by signature that the invoiced is accurate as to dollar amount and payment for services is authorized. This documentation is presented to the Business Office and the Accounts Payable staff will process the payment. District payables are approved by the Board of Directors on a monthly basis before being released to vendors.

Property Management Systems Procedures

A. Property Classifications

Depreciated 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 capitalization level for financial statement purposes of \$5,000. Items in this category are given pre-numbered asset tags and tracked in the Skyward fixed assets system. 2 C.F.R. §200.33.

Computing devices, which are 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 are classified as Equipment in the District accounting system. This category also includes small electronic devices such as cameras and projectors with a cost less than \$5,000. Items in this category are given equipment tags and tracked as non-depreciated items in the Skyward fixed assets system. 2 C.F.R. §200.20.

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.

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

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

B. Fixed Assets Inventory Procedure

The District uses a central receiving warehouse for all freight deliveries. The warehouseperson inspects the property to make sure it is in good condition and matches what is listed on the purchase order. The warehouseperson signs the packing slip to indicate they have received the property and forwards the document to the Business Office. An Accounting Clerk in the Business Office enters the receiving information into the Skyward accounting system. Once an invoice is received by the Accounts Payable Clerk, it is checked against the receiving information in the Skyward system for accuracy and processed for payment.

If the property received is technology such as computing devices, the Network Department is responsible for tagging the equipment, performing any necessary configurations and installing or delivering the device to the intended end user. Technology inventory is tracked by a bar-coded

asset tag system and also maintained in the Skyward system as a depreciated or non-depreciated asset, depending on the cost.

C. Inventory Records

For each equipment item or computing device purchased with federal funds, the following information is maintained in the fixed assets module of the Skyward accounting system:

- Serial number or other identification number;
- Source of funding for the property;
- Who holds title;
- Acquisition date and cost of the property;
- Percentage of federal participation in the project costs for the federal award under which the property was acquired;
- Location, use and condition of the property; and
- Any ultimate disposition data including the date of disposal and sale price of the property.
- Lost, stolen or destroyed property is documented on a Change/Update Fixed Asset Form found on the District website at:

<http://www.lewistonschools.net/wp-content/uploads/2016/02/Fixed-Asset-Change.pdf>.

The information on this form is routed to the Accounting Clerk, who updates the fixed asset entry in the Skyward accounting system.

D. Physical Inventory

A physical inventory of the property must be taken and the results reconciled with the property records at least yearly. An employee from each building within the District is assigned the responsibility to updating the annual property inventory. Each year, an Accounting Clerk generates printed reports from the Fixed Assets module of the Skyward accounting system (sorted by building) and distributes the list to each building representative for confirmation of each item on the list. If an item is missing, an investigation is conducted to determine whether the item has been moved to another location for use or whether the item is lost or stolen.

Maintenance of Equipment

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. Protective cases are purchased for all hand-held computing devices, cameras and similar fragile items and the equipment is stored in the protective cases at all times it is not in use by students or staff.

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. As set forth above, all equipment and computing devices are tagged with unique asset numbers. The asset numbers, serial and model numbers, as well as other descriptors are stored in the Fixed Assets module of the Skyward accounting system. Classroom computing devices are routinely stored in locked cabinets when not in use.

E. 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.

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 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.

F. Disposal of Equipment

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

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

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

With Board of Directors approval, the District uses the website, <http://publicsurplus.com/> to sell surplus property.

State references: The State of Idaho Board of Examiners - State Personal Surplus Property Policy and Procedures <http://www.sco.idaho.gov/>

Written Time and Effort Procedures

Time and Effort Requirements/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. This includes an employee whose salary is paid with state or local funds but is used to meet a required “match” in a federal program. These documents, known as time and effort records, are maintained in order to charge the costs of personnel compensation to federal grants.

Charges to federal awards for salaries and wages must be based on records that accurately reflect the work performed. 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.

Reconciliation and Closeout Procedures Requirements/Standards

Because all employee compensation charges must be consistent with a subgrantee’s established policies it is important for subgrantees to ensure their human resources policies are up-to-date and carefully followed.

1. The District has a written procedure for describing time and effort requirements.
 - a) The District has a written process to include type of documentation maintained and what the requirements are for the documentation. Classified Employees are required to document the time spent working on the federally funded project on their paper timesheet that is reviewed by a supervisor prior to submittal to the payroll department for payment.
 - b) The federal program director maintains paper records of assignments and signed employee certifications.
2. The District has a written process to reconcile actual costs to budgeted distributions.
 - a) Multi-funded payroll charges must match the actual distribution of time recorded on the monthly certification documents.
 - b) 100% federally funded payroll charges are documented semi-annually.

Budget estimates may be used for interim accounting purposes; however, there is a requirement to identify and enter into the records in a timely manner any significant changes in the corresponding work activity. There must be 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 process description includes:

- a) The Business Office, in consultation with the Federal Program Director performs a reconciliation at the beginning of the federal fiscal year and again during the state fiscal year-end process. Monthly monitoring is done and adjustments are made as required.
- b) If the difference between budget and actual costs are less than 10%, budget adjustments may be made annually.

3. The District has a written procedure for an employee that is separating service from the District that requires the employee to submit final certification before final pay check is issued.

Employee Exit Standards

When an employee terminates, either voluntarily or involuntarily, from service to the District, the employee must provide final certification of duties performed on a federally funded program prior to receiving the final pay check. The Supervisor shall work with the employee to ensure compliance with the federal program standards at the time of separation. The Human Resources Supervisor will provide guidance in the separation process.

Example of Written Time and Effort Procedures for Independent School District No. 1

Example: Written Time and Effort Procedures

All charges to payroll for personnel who work on one or more federal programs or cost objectives are based on one of the following, depending on the circumstances:

- **Semi-annual certification:** (single cost objective 100%)
- **Personnel Activity Reports (PARs)** (multiple cost objectives)
- **Substitute system** (multiple cost objectives with predetermined, set schedule.)

Semi-annual certification

Semi-annual certification applies to employees who do one of the following:

- Work 100% of their time on a single grant program and/or single cost objective.

- Work 100% of their time in administering one program such as a Federal Programs Director who administers only one program.
- Work 100% of their time under a single cost objective funded from eligible multiple funding sources.

These employees are not required to maintain time-and-effort records, if their job description clearly shows that the employee is assigned 100% to the program or single cost objective. Each employee must certify in writing, at least semi-annually, that he/she worked solely on the program or single cost objective for the period covered by the certification. The certification is signed by the employee or by the supervisor having first-hand knowledge. Charges to the grant must be supported by these semi-annual certifications. The semi-annual certification is executed after the work has been completed, and not before. The semi-annual certifications are maintained by the Director of each federal program, along with other program records.

Examples of the District employees who work on a “single cost objective” are teachers paid with funds provided by Title I-A or IDEA Part B, or spend 100% of their time providing services to eligible students.

Personnel Activity Reports (PAR)

Time and effort report applies to employees who do one of the following:

- Do not work 100% of their time on a single grant program and/or single cost objective
- Work under multiple grant programs or multiple cost objectives

These employees are required to maintain time-and-effort records or to account for their time under a substitute system. Employees must prepare time-and-effort summary reports monthly to coincide with pay periods. Such reports must reflect an after-the-fact distribution of the actual time spent on each activity and must be signed by the employee. These reports are reviewed by the Supervisor and submitted monthly to the Business Office Payroll Department.

Substitute System (multiple cost objectives with fixed schedule)

Only eligible employees participate in the substitute system. To qualify for this substitute system in lieu of traditional PARs, the employee must work on multiple activities or cost objectives (i.e., more than one federal grant award) based on a **predetermined, set schedule**. The certification is signed by the employee or by the supervisor having first-hand knowledge. Documented employee work schedule must include sufficient controls to ensure that the schedules are accurate.

To be eligible to document time and effort under the substitute system, employees must:–

1. Currently work on a schedule that includes multiple activities
2. Work on specific activities or cost objectives based on a predetermined schedule; and
3. Not work on multiple activities or cost objectives at the exact same time on their schedule.

Employee schedules must:

- Indicate the specific activity or cost objective
- Account for the total hours
- Be certified at least semiannually and signed by the employee or his/her supervisor.
- Any significant revisions to an employee's established schedule must be documented
- The effective dates of any changes must be clearly indicated in the documentation provided.

Federal rules require Districts to submit a management certification form to the SDE before eligible employees participate in the substitute system. C.F.R 200.430 (5)(i). The form is included (see page 39)

Reconciliation and Closeout Procedures

It is critical for payroll charges to match the actual distribution of time recorded on the monthly certification documents. Grantees may initially charge payroll costs based on budget estimates. 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, the District will periodically, at least quarterly, reconcile payroll charges to the actual time and effort reflected in the employees' time-and-effort records.

- If the difference between the actual and budgeted amounts is 10% or greater:
The District will adjust its accounting records at least quarterly
- If the reconciled difference is less than 10%:
The District will adjust the accounting records at least annually

But in both cases, the accounting records will be adjusted to reflect actual time-and-effort records.

Employee Exits

When an employee separates employment with the District, the employee must complete the required paperwork and submit a final certification or time-and-effort report to the Supervisor or Human Resources Department. The HR department will verify the final paperwork as complete and notify the Business Office of completion prior to the issuance of the final pay check

Examples: Time and Effort Documentations

The same form can be used for all types of certification.

Type of certification (Semi-Annual) SAMPLE				
<input checked="" type="checkbox"/> Semi-annual <i>(single cost objective 100%)</i>				
<input type="checkbox"/> Personal Activity Report (PAR) <i>(multiple cost objectives)</i>				
<input type="checkbox"/> Substitute System <i>(multiple cost objectives with predetermined, set schedule)</i>				
Type of Schedule:				
<input type="checkbox"/> Daily				
<input type="checkbox"/> Weekly				
<input type="checkbox"/> Biweekly				
<input type="checkbox"/> Other: _____				
Employee: _____		Position: _____		
Reporting Period: _____				
EXAMPLE	Cost objective (program activity)	Fund Code-Program Function Code	Program	Distribution of Time (percentage or hours)
	Elementary School Teacher	251-512	Title I-A	100%
Employee's Signature _____		Date _____		
I hereby certify this report is an accurate representation of the total activity expended during the period indicated.				
Reviewed by supervisor: _____		Date _____		

Type of certification Personnel Activity Report (PAR) EXAMPLE

Semi-annual (*single cost objective 100%*)

Personnel Activity Report (PAR) (*multiple cost objectives*)

Substitute System (*multiple cost objectives with predetermined, set schedule*)

Type of Schedule:

Daily

Weekly

Biweekly

Other: _____

Employee: _____ Position: _____

Reporting Period:

EXAMPLE

Cost objective (program activity)	Fund Code- Program Function Code	Program	Distribution of Time (percentage or hours)
Teacher	100-512	General Education	50%
Teacher- SpEd	257-521	IDEA Part B	50%
Total			100%

Employee's Signature _____ Date _____

I hereby certify this report is an accurate representation of the total activity expended during the period indicated.

Type of certification (Substitute System) EXAMPLE

Semi-annual (*single cost objective 100%*)

Personnel Activity Report (PAR) (*multiple cost objectives*)

Substitute System (*multiple cost objectives with predetermined, set schedule*)

Type of Schedule:

Daily

Weekly

Biweekly

Other: _____

Employee: _____

Position: _____

Reporting Period: _____

Cost objective (program activity)	Fund Code-Program Function Code	Program	Distribution of Time (percentage or hours)
Paraprofessional	251-512	Title I-A	41%
Paraprofessional	257-521	IDEA Part B	14%
Paraprofessional	100-512	Non-Federal	45%
Total			100%

Employee's Signature

Date

I hereby certify this report is an accurate representation of the total activity expended during the period indicated.

Reviewed by supervisor: _____

Date

Attachments (for substitute systems only) EXAMPLE

2015-16 SCHOOL YEAR SCHEDULE

Employee: Jane Doe

Position: Instructional Assistant

School: XYZ Elementary

Monday	Tuesday	Wednesday	Thursday	Friday
<i>8:00-9:15</i>	<i>8:00-9:15</i>	<i>8:00-9:15</i>	<i>8:00-9:15</i>	<i>8:00-9:15</i>
Special Ed. support	Special Ed. support	Special Ed. support	Special Ed. support	Special Ed. support
<i>9:15-11:00</i>	<i>9:15-11:00</i>	<i>9:15-11:00</i>	<i>9:15-11:00</i>	<i>9:15-11:00</i>
Small group reading	Small group reading	Small group reading	Small group reading	Small group reading
<i>11:00-11:30</i>	<i>11:00-11:30</i>	<i>11:00-11:30</i>	<i>11:00-11:30</i>	<i>11:00-11:30</i>
Lunch Break	Lunch Break	Lunch Break	Lunch Break	Lunch Break
<i>11:30-2:30</i>	<i>11:30-2:30</i>	<i>11:30-2:30</i>	<i>11:30-2:30</i>	<i>11:30-2:30</i>
Special Ed. support	Special Ed. support	Special Ed. support	Special Ed. support	Special Ed. support
<i>2:30-3:30</i>	<i>2:30-3:00</i>	<i>2:30-3:30</i>	<i>2:30-3:00</i>	<i>2:30-3:30</i>
Title I lesson planning and student learning plan follow-up	Title I lesson planning	Title I lesson planning and student learning plan follow-up	Title I lesson planning	Title I lesson planning and student learning plan follow-up
	<i>3:00-3:30</i>		<i>3:00-3:30</i>	
	Bus duty		Bus duty	

Example: DISTRICT MANAGEMENT CERTIFICATION (for substitute system)

District Name & #: Lewiston Independent School District No. 1 (340)

The State Department of Education may authorize the District to use a substitute system for time-and-effort reporting. The District must provide a management certification certifying that only eligible employees will participate in the substitute system and that the system used to document employee work schedules includes sufficient controls to ensure that the schedules are accurate. Complete the form below and email this form to efeather@sde.idaho.gov

System Guidelines

- (1) To be eligible to document time and effort under the substitute system, employees must:
 - a. Currently work on a schedule that includes multiple activities or cost objectives that must be supported by monthly personnel activity reports;
 - b. Work on specific activities or cost objectives based on a predetermined schedule; and
 - c. Not work on multiple activities or cost objectives at the exact same time on their schedule.
- (2) Under the substitute system, **in lieu of personnel activity reports**, eligible employees may support a distribution of their salaries and wages through documentation of an established work schedule that meets the standards under section (3). An acceptable work schedule may be in a style and format already used by the District.
- (3) Employee schedules must:
 - a. Indicate the specific activity or cost objective that the employee worked on for each segment of the employee’s schedule;
 - b. Account for the total hours for which each employee is compensated during the period reflected on the employee’s schedule; and
 - c. Be certified at least semiannually and signed by the employee and a supervisory official having firsthand knowledge of the work performed by the employee.
- (4) Any revisions to an employee’s established schedule must be documented and certified in accordance with the requirements in section (3). The effective dates of any changes must be clearly indicated in the documentation provided.
- (5) Any significant deviations from an employee’s established schedule, that require the employee to work on multiple activities or cost objectives at the exact same time, must be documented using a personnel activity report that covers the period during which the deviations occurred.

The District discloses the following known deficiencies with the system or known challenges with implementing the substitute system (if applicable):

I certify that only eligible employees will participate in the substitute system and that the system used to document employee work schedules includes sufficient controls to ensure that the schedules are accurate.

Superintendent/Authorized Signature: _____ Date: _____

Printed Name: _____

Applicable School Year: _____

Email completed form to efeather@sde.idaho.gov

Record Keeping

A. Record Retention

The District maintains all records that fully show (1) the amount of funds under the grant or sub-grant; (2) how the sub-grantee 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 State Department of Education recommends that the District maintain five years and one audit year to comply for their record retention schedule for all federal fiscal and programmatic records, which is a total of six (6) years.

The District Retention Schedule is prepared in alignment with State Department of Administration guidelines. When records are no longer needed to current activities, they are stored in dated file boxes. Each year, the records that fall off the retention schedule are sent to a professional document shredding company to be destroyed.

The State Department of Education follows the state's policy as set in the Human Resource Records Retention Schedule of the Records Management Guide which can be found at https://www.google.com/url?client=internal-uds-cse&cx=000264056216233226350:9mc3bdowqie&q=https://history.idaho.gov/wp-content/uploads/2018/08/DHW_operational_services_Records_Book.pdf&sa=U&ved=2ahUKEwiK44aF2pbjAhXS7Z4KHS_EBh8QFjAAegQIABAB&usg=AOvVaw3sgGC8ON19IhdokHijLBwt and the Payroll Records Retention Schedule of the Records management Guide at https://www.google.com/url?client=internal-uds-cse&cx=000264056216233226350:9mc3bdowqie&q=https://history.idaho.gov/wp-content/uploads/2018/08/DHW_support_services_Records_Book.pdf&sa=U&ved=2ahUKEwjZ8J3v15bjAhVDHzQIHQIVBgAQFjAAegQIABAB&usg=AOvVaw1uo1cuzxxuw7emDBT4ds0u

Collection and Transmission of Records

Electronic records are maintained in the Skyward accounting system and are also kept as paper copies, described above. Electronic records are backed up nightly and copies of the backup records are periodically stored off-site. Both electronic and paper records are provided to awarding agencies to meet reporting requirements and to auditors and monitors. Electronic records exceed the requirements of the District Retention Schedule and paper records contain back-up documentation. 2 C.F.R. 200.335 allows recipients to transmit them electronically, meaning there's no need to make paper copies.

B. 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 District personnel for the purpose of interview and discussion related to such documents.

C. Privacy

Access to both the Skyward Accounting and Human Resources System, as well as the PowerSchool Student Management System and the Special Education IEP system are password protected. Employees are trained in the requirements of the Family Educational Rights and Privacy Act (FERPA). When requests for confidential information are received from sources not having clear written authority (court order, for example), legal counsel is consulted prior to disclosure.

I. **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 CFR Part 200)
 - <http://www.ecfr.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 CFR Part 3474)
 - http://www.ecfr.gov/cgi-bin/text-idx?SID=ccccf77e01c9e6d4b3a377815f411704&tpl=/ecfrbrowse/Title02/2cfr3474_main_02.tpl
- Federal program statutes, regulations, and guidance
 - <http://www.ed.gov/>
- State regulations, rules, and policies
 - <http://www.sde.idaho.gov/federal-programs/funding/index.html>
- District regulations, rules, and policies
 - <http://www.lewistonschools.net/superintendent-and-board/>