

FEDERAL FUNDS MANAGEMENT

The Superintendent shall review new Federal education legislation and prepare proposals for programs s/he deems would be of aid to the students of this District.

The Board regards the use of Federal funds as a matter of public trust. All Federal funds received by the District will be used in accordance with the applicable Federal regulations and guidelines. The Superintendent shall ensure that each draw of Federal monies is appropriately related to program expenditures.

FINANCIAL MANAGEMENT

The financial management of grant funds shall be in compliance with all applicable Federal, State, local and grantor rules, regulations, and assurances as well as District policies and administrative guidelines.

The Superintendent or designee shall provide for the following:

- A. Identification, in District accounts, of all grant awards received and expended and the programs under which they were received. For Federal programs and awards, identification shall include the Catalog of Federal Domestic Assistance (CFDA) title and number, Federal award identification number and year, name of the Federal agency, and name of the pass-through entity, as applicable.
- B. Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements of the grant.
- C. Records that identify adequately the source and application of funds provided for Federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income, and interest and be supported by source documentation.
- D. Effective control over and accountability for all funds, property, and other assets.

The District must adequately safeguard all assets and assure that they are used solely for authorized purposes. Further, the District must:

1. establish and maintain effective internal control over the Federal award that provides reasonable assurance that the District is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award;
 2. comply with Federal statutes, regulations and the terms and conditions of the Federal award;
 3. evaluate and monitor the District's compliance with statutes, regulations and the terms and conditions of the Federal award;
 4. take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; and
 5. take reasonable measures to safeguard protected personally identifiable information and other information the Federal awarding agency or pass-through entity designates as sensitive consistent with applicable Federal, State, local, and tribal laws regarding privacy and obligations of confidentiality.
- E. Comparison of expenditures with budget amounts for each Federal award.
- F. Recordkeeping and written procedures to the extent required by Federal, State, local and grantor rules and regulations pertaining to the grant award and accountability, including, but not limited to the following areas:
1. cash management
 2. allowability
 3. conflict of interest
 4. procurement
 5. conducting technical evaluations of proposals and selecting recipients

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6. equipment management
7. compensation and fringe benefits
8. travel

G. Disclosure of any potential conflict of interest and all mandatory violation disclosures potentially affecting the Federal award/grant to the Federal awarding agency or pass-through agency in accordance with applicable Federal policy.

H. Insurance coverage for real property and equipment, if applicable, equivalent to such property owned by the District.

COST PRINCIPLES

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

Costs may be allowable to a specific grant award if the cost is necessary and reasonable for the performance of the grant program initiative, is in accordance with generally accepted accounting principles (GAAP), and is allocable to the grant award if the goods or services involved are charged in accordance with relative benefits accrued to the initiative. A cost is reasonable if it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the purchasing decision is made.

PROGRAM INCOME

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.

It 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. Additionally, taxes, special assessments, levies, fines, and other such revenues raised by a recipient are not program income unless the revenues are specifically identified in the Federal award or Federal awarding agency regulations as program income. Finally, proceeds from the sale of real property, equipment, or supplies are not program income.

Unless it has received prior approval to use a different method or the terms and conditions of the grant authorize a different method, the District uses the deduction method of accounting for program income. 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.

INTERNAL CONTROLS

The Superintendent or designee shall establish and maintain effective internal controls over District funds and Federal/State awards that provide reasonable assurance that the District is managing all funds in compliance with applicable statutes, regulations, and the terms and conditions of the awards. The District will have a process that provides reasonable assurance regarding the achievement of the following objectives:

- A. effectiveness and efficiency of operations
- B. reliability of reporting for internal and external use
- C. compliance with applicable laws and regulations

The internal controls must provide reasonable assurance that transactions are properly recorded and accounted for in order to permit the preparation of reliable financial statements and Federal/State reports; maintain accountability over assets; and demonstrate compliance with statutes, regulations, and the terms and conditions of the awards. The internal controls must also provide reasonable assurance that these transactions are executed in compliance with

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statutes, regulations, and the terms and conditions of the awards that could have a direct and material effect on an award, as well as any other statutes and regulations that are identified in the grant compliance requirement. Finally, the District's internal controls must provide reasonable assurance that all funds, property, and other assets are safeguarded against loss from unauthorized use or disposition. The District shall:

- A. comply with statutes, regulations, and the terms and conditions of the Federal/State awards;
- B. evaluate and monitor its compliance with statutes, regulations, and the terms and conditions of the award;
- C. take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; and
- D. take reasonable measures to safeguard protected "personally identifiable information" (PII) and other information the awarding agency or pass-through entity designates as sensitive or the District considers sensitive consistent with applicable Federal, state, local, and District policies regarding privacy and obligations of confidentiality.

PII is defined at 2 C.F.R. Section 200.79 as "information that can be used to distinguish or trace an individual's identity, either alone or when combined with other personal or identifying information that is linked or linkable to a specific individual."

CASH MANAGEMENT OF GRANTS

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

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

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

The Superintendent or designee is authorized to submit requests for advance payments and reimbursements at least monthly when electronic fund transfers are not used, and as often as deemed appropriate when electronic transfers are used. When the District uses a cash advance payment method, the following standards shall apply:

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

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Management System (PMS) through an electronic medium using either an Automated Clearing House (ACH) network or a Fedwire Funds Service payment. Remittances shall include pertinent information of the payee and nature of payment in the memo area (often referred to as "addenda records" by Financial Institutions) as that will assist in the timely posting of interest earned on Federal funds. Pertinent details include the Payee Account Number (PAN) if the payment originated from PMS, or Agency information if the payment originated from ASAP, NSF or another Federal agency payment system.

COST PRINCIPLES - SPENDING FEDERAL FUNDS

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

COST PRINCIPLES

Except where otherwise authorized by statute, costs shall meet the following general criteria in order to be allowable under Federal awards:

- A. Be necessary and reasonable for proper and efficient performance and administration of the Federal award and be allocable thereto under these principles. To determine whether a cost is reasonable, consideration shall be given to:
 1. Whether a cost is a type generally recognized as ordinary and necessary for the operation of the District or the proper and efficient performance of the Federal award;
 2. The restraints or requirements imposed by such factors as sound business practices, arm's length bargaining, Federal, State, local, tribal and other laws and regulations;
 3. Market prices for comparable goods or services for the geographic area;
 4. Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities;
 5. Whether the cost does not represent any significant deviation from the established practices or Board policy which may increase the expense.

Whether an expenditure is necessary is determined based on the needs of the program. The expenditure must be necessary to achieve an important program objective and it must be established that the expenditure addresses and existing need. When determining whether a cost is necessary, consideration may be given to whether:

1. the cost is needed for the proper and efficient performance of the grant program;
2. the cost is identified in the approved budget or application;
3. there is an educational benefit associated with the cost;
4. the cost aligns with identified needs based on results and findings from a needs assessment;
5. the cost addresses program goals and objectives and is based on program data.

A cost is allocable to the Federal award if the goods or services involved are chargeable or assignable to the Federal award in accordance with the relative benefit received.

- B. Conform to any limitations or exclusions set forth as cost principles as required by law or in the terms and conditions of the Federal award.
- C. Be consistent with policies and procedures that apply uniformly to both Federally-financed and other activities of the District.
- D. Be afforded consistent treatment. A cost cannot be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been assigned as an indirect cost under another award.
- E. Be determined in accordance with generally accepted accounting principles
- F. Be representative of actual cost, net of all applicable credits or offsets. The term "applicable credits" refers to those receipts or reductions of expenditures that operate to offset or reduce expense items allocable to the Federal award. Typical examples of such transactions are purchase discounts; rebates or allowances; recoveries or indemnities on losses; and adjustments of overpayments or erroneous charges. To the extent that such credits accruing to or received by the State relate to the Federal award, they shall be credited to the Federal award, either as a cost reduction or a cash refund, as appropriate.
- G. Be not included as a match or cost-share, unless the specific Federal program authorizes Federal costs to be treated as such.

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H. Be adequately documented:

1. in the case of personal services, the Superintendent shall implement a system for District personnel to account for time and efforts expended on grant-funded programs to assure that only permissible personnel expenses are allocated;
2. in the case of other costs, all receipts and other invoice materials shall be retained, along with any documentation identifying the need and purpose for such expenditure if not otherwise clear.

SELECTED ITEMS OF COST

The District shall follow the rules for selected items of cost when charging these specific expenditures to a Federal grant. When applicable, District staff shall check costs against the selected items of cost requirements to ensure the cost is allowable. In addition, State, District, and program-specific rules, including the terms and conditions of the award, may deem a cost as unallowable and District personnel shall follow those rules as well.

COST COMPLIANCE

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

DETERMINING WHETHER A COST IS DIRECT OR INDIRECT:

- A. Direct costs are those costs that can be identified specifically with a particular final cost objective, such as a Federal award, or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy.

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

- B. Indirect costs are those that have been incurred for a common or joint purpose benefiting more than one cost objective, and not readily assignable to the cost objectives specifically benefited, without effort disproportionate to the results achieved. Costs incurred for the same purpose in like circumstances shall be treated consistently as either direct or indirect costs.

These costs may include general data processing, human resources, utility costs, maintenance, accounting, etc. Federal education programs with supplement, not supplant, provisions must use a restricted indirect cost rate. In a restricted rate, indirect costs are limited to general management costs. General management costs do not include divisional administration that is limited to one component of the District, the governing body of the District, compensation of the Superintendent or operation of the immediate offices of these officers.

The salaries of administrative and clerical staff should normally be treated as indirect costs. Direct charging of these costs may be appropriate only if all of the following conditions are met:

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

Where a Federal program has a specific cap on the percentage of administrative costs that may be charged to a grant, that cap shall include all direct administrative charges as well as any recovered indirect charges. Effort should be given to identify costs as direct costs whenever practical, but allocation of indirect costs may be used where not prohibited and where indirect cost allocation is approved ahead of time by the Wisconsin Department of Public Instruction (DPI) or the pass-through.

TIMELY OBLIGATION OF FUNDS

FEDERAL FUNDS MANAGEMENT (cont.)

Obligations are orders placed for property and services, contracts and sub-awards made, and similar transactions during a given period that require payment by the non-Federal entity during the same or a future period. The following table illustrates when funds are determined to be obligated under the U.S. Department of Education regulations:

If the obligation is for:	The obligation is made:
Acquisition of Property	On the date the District makes a binding written commitment to acquire property
Personal services by an employee of the District	When the services are performed
Personal services by a contractor who is not an employee of the District	On the date the District makes a binding agreement to obtain the services
Public utility services	When the District receives the services
Travel	When the travel is taken
Rental property	When the District uses the property
A pre-agreement cost that was properly approved by the Secretary under federal regulations, 2 CFR part 200, Subpart E	On the first day of the project period

TIME AND EFFORT REPORTING

As a recipient of Federal funds, the District shall comply with the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Compensation for employment services includes all remuneration, paid currently or accrued, for services of employees rendered during the period of performance under the Federal award, including but not necessarily limited to wages and salaries. Compensation for personal services may also include fringe benefits. Costs of compensation are allowable to the extent that they satisfy the specific requirements of these regulations, and that the total compensation for individual employees:

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

TIME AND EFFORT REPORTS

Unless specifically authorized by the Department of Public Instruction (pass-through entity) all salaries and wages charged to Federally-sponsored projects must be based on records (time and effort reports) that accurately reflect the work performed by the employee. A time and effort report is required regardless of whether such time is paid by a Federally-sponsored agreement, a private foundation, or is an unpaid contribution, i.e. cost share match. Committed cost sharing, either voluntary or mandatory, must be included in effort reports.

The reports:

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

The District will also follow any time and effort requirements imposed by the pass-through entity to the extent that they are more restrictive than the Federal requirements. The Payroll Office is responsible for the distribution, collection, and retention of all employee effort reports. Individually reported data will be made available only to authorized auditors.

PURCHASING AND PROCUREMENT

All purchasing shall be approved by the Superintendent. Purchasing shall be in accordance with State Statutes, accepted purchasing procedures, and ethical business practices. Bidding and quotation requirements are applicable to all purchases by the District as set forth in this policy if the funding is Federal.

PURCHASING

Purchases are required to be preceded by an official District purchase order (PO) that, prior to submittal to vendors, require approval by the Superintendent. PO's must be entered through the district accounting software and are subject to approval levels set therein. Purchases not handled in an approved manner may become the liability of the purchaser.

PROCUREMENT

In order to comply with the Uniform Grant Guidance, Omni Circular, 2CFR 200, the following Federal Grants – Acceptable Methods of Procurement are set forth below and are to be followed in the purchasing of items contained in a Federal project. The following methods are acceptable methods of procurement per the uniform grant guidance.

- A. Micro-purchases of supplies and services \$3,000 or less (\$2,000 for purchases subject to Davis-Bacon) do NOT require quotes to be received and effort should be made to distribute evenly these purchases to qualified suppliers.
- B. Small purchases for supplies, or other property and services, in excess of \$3,000 and less than \$150,000 do require quotes, but NO pricing analysis. If used, price or rate quotations must be obtained from an adequate number of qualified sources, preferably three (3). The \$150,000 threshold is inflation adjusted periodically and could change in the future.
- C. Sealed bids are required for purchases of \$150,000 or greater. Firm fixed price is awarded and must include at least two responsible bidders. Bids will be opened publicly and award is usually to lowest bidder (based on fixed price). Sealed bids are publicly solicited and a firm-fixed-price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming to all the material terms and conditions of the invitation for bids, is the lowest price. If the District chooses a bid that was not the lowest, the District needs to document why that bid was selected.
- D. Competitive proposals used for projects over \$150,000 may be fixed price or cost reimbursement.
 - 1. This method is typical for architectural/engineering professional services and price is not used. Instead, a contract is awarded to the most qualified competitor with compensation subject to negotiation.
 - 2. Section 200.320(d) contains specific requirements for competitive proposals.
- E. Noncompetitive proposals (sole source) - 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:
 - 1. Item is only available from a single source;
 - 2. The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;

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3. The Federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the non-Federal entity; or
4. After solicitation of a number of sources, competition is determined inadequate. Follow Appendix II to Part 200 which has specific information for Equal Employment Opportunity, Davis Bacon Act, contract work hours, safety standards, and debarment and suspension.