

BUSINESS AND ACCOUNTING POLICIES AND PROCEDURES HANDBOOK

*Manhattan-Ogden
USD 383*

Business and Accounting
Department

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Center

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Manhattan-Ogden USD 383 Business Policies and Procedures

Introduction: The purpose of this manual is to describe the existing accounting practices and procedures that have been established for Manhattan-Ogden USD 383, and to serve as a valuable reference guide. These policies and procedures have been designed to help safeguard the district's assets and promote accuracy, efficiency and consistency in accounting operations throughout the school district.

All departments are to follow these guidelines; however, if a particular funding source has additional or different policies, those are to be followed as well.

- I. Business and Accounting Staff and General Areas of Responsibilities. The following are brief descriptions of the responsibilities of the various positions in the Accounting Department.
 - A. Director of Business Services. The Director of Business Services supervises the staff and is responsible for developing and managing the district budget and financial services.
 - B. Budget and Grants Accountant. The Budget and Grant Accountant manages, reconciles and compiles reports for the district funds. The Budget and Grant Accountant also supervises the accounting fiscal management of district grant funds, draws down money from funding agencies and prepares all financial reporting required for the grants.
 - C. Purchasing Accountant. The Purchasing Accountant oversees the purchasing process and bidding for all areas of district operations. The Purchasing Accountant also administers the student accident, district liability, and auto insurance policies, and manages purchasing and accounting for the central warehouse and fixed assets.
 - D. Payroll Coordinator. The two Payroll Coordinators are responsible for processing and maintaining all facets of payroll.
 - E. Financial Administrative Assistant-Accounts Receivable. The Accounts Receivable clerk deposits all funds collected within the overall operation of the district. This clerk oversees the activity accounts for school and district sponsored programs. The Accounts Receivable Clerk oversees the financial components of the student information system and the student fees established by the Board of Education. Additionally, the clerk is responsible for postage, petty cash, billings, insufficient checks, credit card payments, and Kansas Debt Recovery System payments.
 - F. Clerk-Accounts Payable. The Accounts Payable clerk is responsible for processing all properly approved purchase orders and invoices and processing and mailing all disbursement checks.
 - G. Clerk-Accounts Payable/Accounts Receivable (AP/AR). The AP/AR clerk splits their duties between accounts payable and accounts receivable. This clerk processes checks for activity accounts and assists in recording deposits for activity funds.

H. Clerk-Part Time Accounting. The Part Time Accounting Clerk assists in recording deposits in the accounting and student information systems. The clerk assists in preparing deposits.

GENERAL LEDGER ACCOUNTING

I. Chart of Accounts. All of the district’s accounts are comprised of seven segments:

Year – Fund – Function – Object – Unit – Department – Year/Category

All segments are required in order to correctly charge the general ledger.

- A. The Year. The first number denotes the fiscal year. It will be the last digit of the last year within the fiscal year period being accounted for. For example, the 2018-19 fiscal year would be a “9”.
- B. The Fund. The second group of numbers is the fund number. A fund is used to segregate specific activities or to meet legal or administrative restrictions. Funds that begin with a “0” are Board funds. Examples that you might use or see on reports:

012 – General Fund	070 – Head Start
013 – Supplemental General Fund	072 – KLINK
016 – Career and Post Secondary Ed	073 – Concurrent Courses
018 – At Risk Fund	074 – Heartland Works
019 – Parent Education	076 – After School Enhancement
020 – Four Year Old At Risk	077 – College Hill Pre-K
030 – Special Education	078 – Kansas Reading Roadmap
035 – Food Service	079 – Community Learning Centers
040 – Adult Education	080 – Title I
045 – Virtual Academy	081 – Immigrant
046 – Bilingual Education	082 – Grant Administration
048 – Driver’s Education	083 – Title III - ESL
054 – Professional Development	084 – Migrant
055 – Capital Outlay	085 – Indian Education
058 – Bond & Interest	086 – DODEA
059 – Special Assessment	087 – Title IIA Teacher Quality
065 – KPERS	088 – Families In Transition
066 – Contingency Fund	090 – Alcohol Prevention
067 – Student Materials Fee	092 – Title IV Safe Schools
068 – Summer School	093 – KELC
069 – Textbook Rental	094 – Childcare

096 – YES Grants
097 – Construction

098 - Safe & Supportive Schools
099 – Mini-Grants

Funds that begin with any number higher than 0 are Activity funds. Activity fund account numbers that end in “01” are food service or fee funds. Activity fund account numbers that end in “02” are for athletics; “03” are for school projects, and “04” are for school organizations.

- C. Function. The third sets of numbers represent the function. The function describes the activity or purpose for which a service or material is acquired. The district refers to the Kansas Accounting Handbook for Unified School Districts (found at <http://www.ksde.org/Agency/Fiscal-and-Administrative-Services/School-Finance/Guidelines-and-Manuals>) to determine the correct function category for expenditures.

Examples of functions are as follows:

- i. 81000 – Instruction
- ii. 82100 – Student Support Services
- iii. 82200 – Instructional Staff Support Services
- iv. 82300 – General Administration
- v. 82400 – School Administration
- vi. 82500 – Central Services
- vii. 82600 – Operation and Maintenance
- viii. 82700 – Student Transportation
- ix. 83100 – Food Service
- x. 83400 – Activities
- xi. 84000 – Facilities Construction
- xii. 85000 – Transfers

- D. Object. The object code is the fourth set of numbers. The object is type of expenditure. The district refers to the Kansas Accounting Handbook for Unified School Districts to determine the correct object category for expenditures.

Examples of the object code are as follows:

- i. 100 – 199 Salaries
- ii. 200 – 299 Benefits
- iii. 300 – 399 Purchased Professional Services
- iv. 400 – 499 Purchased Property Services
- v. 500 – 599 Travel
- vi. 600 – 699 Supplies
- vii. 700 – 799 Equipment and Property
- viii. 800 – 999 Other

E. Unit. The unit is fifth set of numbers. The unit is the building or grouping of buildings. Examples of the unit are:

- | | |
|-------------------------|---------------------------------|
| 00 – District Wide | 34 – College Hill |
| 01 – Ed Center | 36 – Dwight D. Eisenhower |
| 02 – Bishop Stadium | 37 – Susan B. Anthony |
| 05 – Amanda Arnold | 40 – Manhattan High West |
| 07 – Bluemont | 43 – Manhattan High East |
| 10 – Eugene Field | 45 – Summer School |
| 11 – Frank Bergman | 50 – Maintenance |
| 12 – Lee | 51 – Warehouse |
| 15 – Marlatt | 52 - Transportation |
| 17 – Northview | 55 – Food Service |
| 20 – Ogden | 65 – Adult Learning Center |
| 22 – Theodore Roosevelt | 67 – Manhattan Virtual Academy |
| 25 – Woodrow Wilson | 70 – Head Start |
| 30 – Elementary | 89 – Manhattan Catholic Schools |
| 33 – Early Learning | |

F. Department – The department is the sixth set of numbers. The department identifies which specific activities or departments the account is pertaining to. Examples of departments are:

- i. 000 – District Wide
- ii. 200 – Elementary
- iii. 251 – Infant Toddler
- iv. 513 – Extended Day Learning (EDL)
- v. 600 – Middle Schools
- vi. 700 – High School

G. Year/Category – The year/category is the last set of numbers. The year/category identifies what calendar year (in the case of grants) the funds are for. It also identifies the category activity funds belong to.

Examples of year/category are:

- i. 00 - General
- ii. 01 - Food Service or Fee Funds
- iii. 02 – Athletics
- iv. 03 - School Projects
- v. 04 - School Organizations
- vi. 1x – Year of Grant

All seven elements must be listed on any item submitted to accounting for processing.

II. Types of funds. The district has both board funds and activity funds.

A. Board Funds. These funds account for moneys that result from proceeds for tax levies, grants, and local, state or federal aid. For more information on board funds consult the “Guidelines for Financial Reporting for Unified School Districts” (found at <http://www.ksde.org/Agency/Fiscal-and-Administrative-Services/School-Finance/Guidelines-and-Manuals>)

B. Activity Funds. These funds account for moneys related to fees and user charges, gate receipts, school project accounts, student organization accounts and special revolving accounts. There are two types of Activity Funds.

1. District Activity Funds consist of co-curricular activities that have student participation the in activity, but are administered by the district. Disbursement of these fund moneys rests with the Board of Education, not the students.
2. Student Activity Funds consist of those student activities that revolve around a student organization. The students in the organization not only participate in the activities of the organization, but also are involved in the management of the organization’s activities. Disbursement is subject to the approval of the student organization (and its sponsor), and not the Board of Education.
3. All activity funds must be reported in the school district’s financial statements. Student Activity Funds should be reported in financial statements as agency type funds. District Activity Funds should be reported in one or more special revenue funds.

III. New Accounts. New accounts will be created when necessary by the Budget and Grant Accountant or the Director of Business Services.

IV. Accounting Corrections. Occasionally, you may find some errors when reviewing accounts. If you need to correct these errors or recode expenditures, please send the request in writing or by email to the Budget and Grant Accountant. The memo should include the reason for the adjustment, the amount, and the account numbers effected.

REVENUE AND CASH RECEIPTS

I. Sources of Revenues. The district’s revenues are derived from various sources including state funds, local property and other taxes, student textbook rental and related fees, federal

and state grants, private donations, investment income and miscellaneous income such as facilities rentals and miscellaneous sales.

II. Cash Receipts

- A. State and Federal Funds. Most of the receipts of state funds are received as Automated Clearing House (ACH) payments. These receipts are recorded by the Budget and Grant Accountant. The State initiates most payments, excluding the payments of the pass thru federal funds. The federal funds (ie. Title I and Title VIB) that pass thru the state are requested on Form 240 from the State Department of Education's website. The Budget and Grant Accountant will run expenditure reports and cash balance reports to determine how much will be requested for each month. Other federal funds that come straight from funding agencies will be requested according to guidelines of those funding agencies. The Director of Business Services will request General State aid monthly, also on the State Department of Education's website.
- B. Property Taxes. Most of the receipts of taxes are received as ACH payments. The tax payments are recorded by the Director of Business Services.
- C. Textbook Rental Fees. Textbook rental fees should be paid when enrolling a child. If necessary, a payment plan may be made. The payment plan form should be completed whenever the full amount is not paid at the time of enrollment. The payment plan should be filled out in its entirety. The payment schedule needs to be completed for all future payments. The pink copy of the payment plan goes to the guardian along with a copy of the enrollment sheet. Please make sure the guardian reads the back of the payment plan sheet so they are aware that if they do not make the agreed payments they can be sent to the Kansas Debt Recovery System. Students are responsible for the various textbooks and are to reimburse the school for any damaged or lost books. Guardians may apply for a reduction of textbook rental fees. To qualify for a reduction, the lawful custodian of the pupil must complete the Application for Child Nutrition Program Benefits, qualify under current income guidelines, and sign a consent form to have fees adjusted. For households with multiple pupils, only one application need be completed.
- D. Gifts, Grants and Donations. **All gifts and grants to the district are processed through the accounting office.** Therefore any grants received by a department or school should be forwarded directly to the accounting office with a "Gifts, Donations and Grants Form". **This form must be filled out and signed by the Principal/Director receiving that grant or gift.** The form must state the donor, school, date, amount, future impact of the gift, the intent of the gift, and the account

it is to be deposited into. The form can be found on the Business and Accounting page of the district website. All donations over \$500 must be approved by the Board of Education. Please do not hold checks. All large grants should be approved by the Coordinator of Federal/State Programs and Grants (Grant Administrator). The Grant Administrator will establish budget and accounts for grants and is responsible for the oversight of expenditures of these grants according to applicable laws, district policies, and requirements of funding agency. The district shall adhere to guidelines of the funding agency when implementing a grant. If required by the funding agency, proposed changes in expenditures of grant funds will be brought to the funding agency for prior approval. Prior to implementation, proposed changes in funded projects will be brought to the Superintendent (or designee) for approval.

- E. High School Activity Receipts. All high school activity receipts should be forwarded to the high school's financial secretary. The financial secretary will deposit the money into the bank and enter the information into the deposit database. The deposit information will be forwarded to the business office so that it may be entered into the financial accounting system.

- F. Other Cash Receipts. All cash and checks received by departments or schools, other than by the high school, shall be forwarded to the business office with a completed cash report sheet. The completed form should indicate the description of the transaction and the account to be credited. In the total column write the total that you are needing to deposit to the respective line. Add all amounts in the total column. Write the total in the TOTAL RECEIVED box. Add all of the checks together, write the total on the CHECKS line. Attach a calculator tape. For cash, write the amount for each denomination of the bill by the respective line. Add the total of the currency and write the total on the CURRENCY line. Add the total of the coin and write on the COINS line. Add the total of all checks, currency and coin. Write the total on the TOTAL DEPOSIT line. This total must equal the TOTAL RECEIVED line. The individual doing the deposit needs to sign their name on the DESIGNATED DEPOSITOR line. Once the Accounts Receivable Clerk receives the cash receipt she will count the currency and sign on the BUSINESS OFFICE PERSONNEL line if there are no issues. The white copy stays with the deposit, the yellow is returned to the building depositing the funds. Credit cards must be on a separate report sheet. These will be ran by the Accounts Receivable Clerk in the accounting office. If the credit card payment does not go through the school will be responsible for getting additional payment or corrected card information. If the credit card goes through the copies of the receipts will be attached to the cash report sheet and the accounting office personnel who ran the

cards will sign the BUSINESS OFFICE PERSONNEL line of the cash report sheet. After all credit cards for that purpose are ran, the business office professional will batch out the credit card machine so that all items of different purposes will be segregated.

PETTY CASH

- I. Petty cash funds are established for the purpose of paying for emergency purpose expenditures, in accordance with Kansas Statute 72.8208. The fund may not be used to make advances or loans against the salary of an employee. The amount of petty cash for each building is approved annually by the Board of Education upon the recommendation of the Superintendent at its first meeting in July.

At the beginning of the fiscal year, monies will be advanced to establish the petty cash fund for each location. Petty cash checks for the middle schools, high school, Education Center, warehouse, maintenance department, and transportation department will be available the day after the first board meeting in July. Food service will obtain their petty cash check after all summer petty cash money has been turned into the Education Center and counted. Summer petty cash funds for childcares and other special projects will receive a small amount of petty cash that is to be turned in at the end of the summer program. Petty cash checks for the elementary schools and Head Start will be available the day that those buildings report back for service. The petty cash fund should be assigned to one individual. No more than 2 individuals should have authority to access the fund. With the exception of fund replenishment and return of excess funds, no receipts may be deposited into the petty cash fund.

For the high school, middle schools and elementary schools the dollar amount for each individual petty cash purchase is not to exceed \$20.00.

For the maintenance department, transportation department, Education Center and warehouse, due to the nature of the items needed in emergency situations, these buildings may disburse up to \$50.00 for each individual petty cash purchase.

- A. When a receipt is turned in to the custodian of the petty cash fund for the petty cash purchase the following should be done:
 1. Complete a petty cash slip with name, dollar amount, the reason for the money, and account number to be charged. Persons requesting petty cash should obtain approval from the building administrator or his/her designee. Documentation of their approval can be made on the petty cash slip.
 2. Have the petty cash slip signed by the person to who the money is given.
 3. Date the slip and initial it to show the money has been paid out.

4. Occasionally, it will be necessary to give out petty cash and wait on the receipt. When this occurs, have the person complete the petty cash slip with name, dollar amount, the reason for the money, and account number to be charged. Have the person receiving the money sign the petty cash slip. When the change and receipts are returned to you, cross off the dollar amount given and enter the correct petty cash charge. Staple the petty cash slip on top of the receipt and place in the change box for petty cash.
- B. Petty cash is replaced as needed by balancing your monies on hand and the petty cash slips. To balance your petty cash:
1. Count your money on hand.
 2. Add in the petty cash slips.
 3. The total of these two will equal the amount of your petty cash check received at the beginning of the year.
 4. Enter the amount of receipts into a Requisition for Purchase Order (RPO). When the rpo is printed, attach the petty cash slip and send to the accounting office where the rpo will be turned into a purchase order. The RPO should be entered as a "RQN", requisition no receiving. A check will be processed for the next board meeting.
- C. Petty cash should be kept in the most secure place available at each location; preferably a vault, locked safe, locking file cabinet, locking desk drawer, etc.
- D. At the end of each school year, any remaining petty cash on hand must be deposited back into your account. When doing this be sure to, count the money on hand and add in the petty cash slips. The total of these two will equal the amount of the petty cash check received at the beginning of the school year. Return the cash and petty cash slips with account lines listed to be charged for the purchases made to the accounting office by the date listed on the year end memo.

PURCHASING OF GOODS AND SERVICES

- I. Vendors/contractors. Responsible construction contractors desiring to provide construction services and responsible individuals and legal entities desiring to provide materials, goods, or wares to the district shall be given the opportunity to participate in the applicable procurement process. Vendors/contractors shall make application via the Purchasing Department. A vendor/contractor must fill out a W-9 before any goods or construction services can be purchased. All vendors/contractors must comply with K.S.A. 44-1030 State and local government contracts; mandatory provisions. Vendors/contractors

should adhere to all specifications as listed on the vendor/contractor copy of the purchase order. All vendors/contractors where agreements for purchases were made through the bidding process by bid or request for proposal, must adhere to the notice to bidders in those respective proposals. All vendors/contractors from which purchases are made with federal funds must be checked through the System for Award Management at www.sam.gov. Any contractor/vendor that fails to comply with this will be debarred or suspended from purchases with federal money. For any construction agreements in excess of \$2,000 funded with federal money, the Davis Bacon Act must be followed. All contracts made with federal money over \$10,000 must have provisions for termination for cause and convenience.

- II. Purchases. All purchases and expenditures of district funds must meet the ordinary business standard of reasonable and necessary, with prudent consideration of the district's limited financial resources. Purchases of goods and services on behalf of the district may be authorized by a department head, and should not exceed the department's budgeted amounts or exceed (excluding reimbursable grants) the fund balance. Every reasonable effort should be made to obtain the best possible quality, service and price. All attempts should be made to avoid purchasing unnecessary or duplicative items. For larger non-routine purchases and contracts, competitive proposals should always be solicited and evaluated. Even for routine purchases, vendor/contractor prices should be checked periodically with those of reliable competitors.
All technology related purchases shall be approved by the Director of Technology. All purchases from grants shall be approved by the Grant Administrator. All purchases over \$1,000 must be approved by the Director of Business Services. All capital purchases of \$10,000 or greater must have the approval of the Board. (See BOE Policy DJFA)
- III. State Use Law. The Kansas State Use Catalog is published in compliance with K.S.A. 75-3317 through 75-3322. The Kansas Director of Purchases has found these items in the catalog to be consistent with the "Kansas Use Law" and therefore has designated them for mandatory purchase. See the Kansas State Use Program website for further information. <http://www.ksstateuse.org/>
- IV. Competitive Bidding. Competitive bidding is generally required for purchases, leases and contracts over \$10,000. (See BOE Policy DJED)
 - A. Exceptions include
 1. services, such as but not limited to professional or subscription,
 2. educational materials directly related to curriculum and secured by copyright

3. products required to be purchased under the provision of K.S.A. 75-3317 through 75-3322, and amendments thereto;
4. purchases for items available to purchase through state contractors or purchasing cooperatives,
5. motor fuels required to provide or furnish transportation and fuels that will be consumed in buildings owned or operated by the school district,
6. food and foodstuffs necessary for the implementation or operation of any child nutrition program
7. articles of products that are produced, manufactured or provided by inmates under the Prison Made Goods Act of Kansas
8. purchases deemed to be an emergency in nature,
9. for sole source items,

- B. The Purchasing Department will decide whether bids or requests for proposals are more appropriate for each purchase. To the extent practicable, a written statement detailing the goods or services required should be provided to vendors/contractors. The Purchasing Department shall obtain expert advice and assistance from the Requestor in the development of specifications and may delegate Non-District personnel the authority to prepare and utilize their own specifications. Non-District personnel include, but are not limited to, architects, engineers, and designers. Vendors/contractors shall not be included as members or representatives of specifications or evaluation committees. However, information from vendors may be requested in the preparation of a specification. It is recommended that at least three written bids be obtained and evaluated. Awards should be made to the vendor/contractor whose bid or offer is most advantageous to the district, considering price, quality, service and conformance to specifications. Vendors/contractors must follow the notice to bidder guidelines and any other additional guidelines provided in the bid. ***Multiple purchases of items shall not be made for circumventing the bidding procedures.***
- V. State Procurement contracts. Competitive bidding is not required if purchases can be made through state contract or purchasing cooperative. These purchases, however, still require the approval of the Board.
- VI. Purchase Orders. All purchases of goods and services must be made through the district's requisition system. The completed requisition form requires the approval of the department head (or authorized representative). Requisitions over \$1,000 should be approved by the Director of Business Services. Requisitions coded to grant funds should be passed to the Grant Administrator for approval prior to sending to the accounting office for conversion. The Grant Administrator will forward the requisition

to the accounting office after approving. For activity funds, the Accounts Receivable Clerk will verify account balances before the requisition will be processed. After receiving the fully approved requisition, the Purchasing Accountant will approve the requisition to be turned into a purchase order. The Purchasing Accountant will forward all approved requisitions to the Accounts Payable Clerk and then a purchase order will be printed and matched with the requisition. The Accounts Payable Clerk will forward the yellow copy back to the originator of the requisition and the pink copy will be either sent to the vendor/contractor or back to the originator so that they may fax/email/etc the purchase order to the vendor/contractor. Purchase orders to employees should only be approved if they are for a reimbursement. If they represent compensation of some form they must be sent to the Human Resource Director for approval and then processed through payroll. Please note: the district does not pay for individual memberships. Payments for reimbursement and mileage also may not be done in advance. The purchase order is a legal document, and when accepted by the vendor/contractor, constitutes a contract between the district and the vendor/contractor. It should therefore contain all pertinent details of the agreements such as terms and conditions of sale.

- VII. Warehouse Stock. *All items stocked in the warehouse shall be purchased from the warehouse and not an outside vendor/contractor.* Buildings must put orders through the software system to request warehouse items.
- VIII. Purchase Cards. The district utilizes purchase cards when using a Purchase Order is inefficient or not an option. Purchase cards may be used for in-store purchases as well as mail, phone, on-line, or fax orders. Cards are issued at the request of the department head and upon Board approval. Cards are restricted with dollar limits by transactions and day, transactions per day and month, and supplier limits. Itemized receipts must be turned in for all payments. The card holder will be responsible for any inappropriate charges. Purchases that are unauthorized, illegal, perceived to be either unethical or a conflict of interest, personal in nature, or violate the intent of this policy may result in card revocation and/or disciplinary action. The Purchasing Accountant will be responsible for reviewing charges for purchase cards for compliance with the program manual. For more information on purchase cards please refer to the Employee Purchasing Card Program Manual, available within the Business/Accounting section of the district website.

INVOICES

- I. Invoices and receipts are used to pay purchase orders. Packing slips and statements are insufficient and cannot be used to pay a purchase order. Invoices will include a detailed description of the item(s) purchased, quantity, dollar amount and most will make note of any backordered items. Some invoices are included in the packages as they arrive. Please check to see if there is an invoice or packing slip within the shipment. If there is one, please send the invoice to the accounting office. The invoice will be matched with the purchase order and must be received in the system (except during year end/carry over time) to ensure that items are in house and of acceptable quality before payment is made. Any price differences from the original purchase order will have to be approved by the requesting department and may slow the payment process down.
- II. Receiving. Purchase orders entered as “RQ’s”, requisition with receiving, on the system must be received before payment may be made. If purchase orders are for reimbursement or for prepayments ie. Entry fees, they shall be entered as a “RQN” and do not need to be received on the system. When receiving in the system, be sure to put in comments if items are back ordered or not satisfactory. Items listed as received without comments will be paid, unless the accounting office is notified.
- III. Change of Remittance Address. Vendors/contractors shall notify Accounts Payable Clerk or Purchasing Accountant of changes to address or contact information.
- IV. Sales Taxes. Generally, purchases made on behalf of the district are exempt from Kansas Sales Tax. Please deduct these sales taxes from invoices. Vendors/contractors may require the district’s exemption certificate which can be obtained from the accounting office. In accordance with K.S.A. 79-3606, the district’s standard sales tax exemption certificate does not apply to materials, goods, wares for construction, repair, renovation, remodel of real property, or equipment attached to facilities or grounds. The Purchasing Department will issue a Kansas Project Exemption Certification (“PEC”) for such project work. It is to be understood that the PEC must be provided to the contractor before work begins. Only materials to be incorporated into the stated project may be exempted from sales tax. Purchase of said materials must fall within the valid period stated on the face of the PEC. The contractor is responsible to furnish this number to all suppliers from whom such material purchases are made. Upon completion of the project and before the final payment can be made, the contractor must provide a Project Completion Certificate.

FEDERAL FUNDS

See “Additional Fiscal Guidance for Federal Grant Programs” starting on page 18.

UNCLAIMED PROPERTY

- I. Outstanding checks will be reviewed monthly by the Budget and Grant Accountant and the Director of Business Services. Every year letters must be sent out to those with outstanding checks from years prior to the last fiscal year. Recipients have 60 days to request a new check or to void the check. If no response is received the money is reported and forwarded to the State Treasurer Unclaimed Property department.
- II. The deadline for submittal to the State Treasurer is November 1, unless an extension is applied for and granted.

FIXED ASSETS

- I. Definition. The term fixed assets refers to the district’s tangible properties that have useful lives that benefit the district over a period of years. These properties include land, and land improvements, building and building improvements, all types of equipment, furniture, vehicles, library books, art, and electronic equipment. Fixed assets are distinguished from other tangible items such as office supplies and consumable supplies (ie. paper, light bulbs and laboratory supplies) that are used within a relatively short period of time.
- II. Purchasing. Purchases of fixed assets should be made in accordance with the district’s purchasing procedures. All technology purchases shall be approved by the Director of Technology before being purchased. Building improvements should be approved by the Director of Maintenance, before being purchased and constructed.
- III. Inventory. The district will inventory (or contract with a service provider to inventory) fixed assets on a rotation basis. Buildings will be inventoried at least once every two years.
- IV. Insurance and Reporting of Theft. All thefts, damage, or destruction of district assets should be reported promptly to the accounting office as well as to the Director of Maintenance if damage to land or building. The loss will then be forwarded to the insurance company, if necessary.

- V. Disposal or Trade-In of Fixed Assets. No district assets of values should be sold, traded-in or otherwise disposed of without the approval of the Board.
- VI. Sale of Federal property – Property with a Fair Market Value (FMV) of \$5,000 or less does not need prior approval from the award agency to dispose of. There is also no further obligation to the awarding agency and therefore it is miscellaneous revenue. If the FMV of the property is greater than \$5,000, you must ask for instructions from the awarding agency. If they do not respond in 120 days, the program may keep or sell the property but must pay the awarding agency its share of the proceeds of the FMV. The program may keep \$500 of the proceeds.

TRAVEL

- I. General. All authorized district travel will be paid or reimbursed in accordance with Board Policy (GAN). Prior approval shall be sought for all travel. Travel expenses incurred by a companion cannot be paid by the district and are not reimbursable. Upon completion of a trip, a reimbursement purchase order may be processed only if all applicable documents and receipts have been presented. Travel expenses should be remitted within 60 days in order to be reimbursed.
- II. Guidelines to reimbursement amounts will be in line with State Travel Policy. Please see “Employee Travel Expense Reimbursement Summary Trifold” on the State of Kansas Department of Administration website at <https://admin.ks.gov/offices/chief-financial-officer/travel-information-for-state-employees>
- III. Transportation. All efforts should be made to obtain the lowest cost for transportation. For air travel, the lowest coach fair shall be obtained. Travel by auto shall be made by district vehicle, if available. If travel is by private auto, employees will be reimbursed at a mileage rate established by the Board. Rental autos shall only be used for activity travel if district vehicles are not available.
- IV. Mileage. Compensation shall be based on the rate established by the Department of Administration for the State of Kansas, and agreed upon in the Negotiated Agreement.
- V. Meals. Meals for employees for travel that is not overnight is taxable as a wage to the employee and may only be reimbursed through Payroll. To be excludable from wages, travel must be overnight and the employee must be traveling away from their tax home on

their employer's business. Meal reimbursement limits shall be based on the rate established by the Department of Administration for the State of Kansas.

- VI. Lodging. Reasonable hotel/motel expenses when supported by receipts are reimbursable. When staying in the state of Kansas, you will be exempt from the state tax. You should obtain a Kansas State Exempt Organization Certificate from the business office prior to your trip. If costs are to be charged to a federal grant the travel must be necessary to the federal award and consistent with non-federal travel. Maximum lodging allowance is established by the Department of Administration for the State of Kansas. Exceptions to the allowance must have prior approval by the Superintendent.
- VII. Other Necessary Miscellaneous Expenses. Reimbursement is provided for such items as customary gratuities, parking, tolls and registration fees at conferences. Receipts must be included for reimbursement.
- VIII. Entertainment Expenses. No entertainment expenses are allowable. Personal entertainment and other personal expenses are not eligible for reimbursement.
- IX. For any other travel expense allowances please see the rates established by the Department of Administration for the State of Kansas.

MEAL REIMBURSEMENT

- I. Meal reimbursement is for travel that is overnight and the employee must be traveling away from their tax home on their employer's business.
- II. Meals for employees for travel that is not overnight may only be reimbursed through Payroll as a taxable wage. Travel must extend your duty day by over three hours.
- III. Departments/Schools having meetings where lunch is provided must have prior approval by the Superintendent. They must be reasonable and should not be paid by federal or state funds.

RECORD RETENTION

- I. All financial records and supporting documents will be retained for a period of five years from the last day of the fiscal year.

- II. All construction documents will be retained by the facilities and maintenance department.
- III. Information for real property and equipment will be retained through the technology or facilities and maintenance department or the fixed asset information.
- IV. Bus information will be retained by the department of transportation.
- V. All vehicle title information will be retained by the Purchasing Accountant.

Other Business Office Procedures – In the absence of procedures and practices stated above, the district shall follow all State and Federal guidelines or Board Policy.

Additional Fiscal Guidance for Federal Grant Programs

TABLE OF CONTENTS

The following sections are an overview of the federal requirements for sub-grantees receiving federal grant awards. All requirements outlined below are federal policies that apply to all federal programs. In the absence of district procedures the outlined policies are to be followed.

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DEFINITION

- Federal Awarding Agency means a Federal agency that provides a Federal award direct to a non-Federal entity.
- Non Federal Entity means a state, local government, Indian tribe, Institution of higher education (IHE) or nonprofit organization that carries out a Federal award as a recipient or a sub-recipient, in most cases, the district.
- Sub-recipient/Sub-grantee means a non-Federal entity that receives a sub-award from a pass-through entity to carry out part of a Federal program; but does to include an individual that is a beneficiary of such program. A sub-recipient may also be a recipient of other Federal awards directly from a Federal awarding agency.

ALLOWABLE/REASONABLE/ALLOCABLE COSTS

The district establishes and maintains board policies, administrative regulations, and administrative procedures on administration of federal funds in federal programs as required by The Uniform Grant Guidance and other federal, state, and local laws, regulations, and requirements. The district's fiscal management system includes internal controls and grant management standards in the following areas when federal funds are involved.

Charging of Costs to Federal Awards - USD 383 may charge costs that are reasonable, allowable, and allocable to a Federal award directly and indirectly. All unallowable costs shall be appropriately segregated from allowable costs in the general ledger, in order to assure that unallowable costs are not charged to Federal awards.

Sub-recipients must ensure that federal funds have been expended and accounted for consistent with program regulations and approved applications. Costs generally are categorized as either direct or indirect. All unallowable costs shall be appropriately segregated from allowable costs, in order to assure those costs are not charged to Federal awards.

Direct cost allocation principles state that if a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost must be allocated to the projects based on the proportional benefit. IF a cost benefits two or more projects or activities in proportions that cannot be determined because of the interrelationship of the work involved, then the cost may be allocated or transferred to benefitted project on any reasonable basis.

- Direct costs are those costs that can be identified specifically with a particular final cost objective or that can be directly assigned to such activities relatively easily with a high degree of accuracy. Direct costs may include salaries, fringe benefits, purchased services, supplies and equipment.
 - Administrative or Clerical staff (*Reference 200.413(c)*)
 - Direct charging of these costs may be appropriate only if all of the following conditions are met:
 - Such 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 cost.
- Indirect costs are those costs which are not readily identified with the activities funded by the federal grant or contract but are nevertheless incurred for the joint benefit of those activities and other activities and programs of the sub grantee. Accounting, auditing, payroll, personnel, budgeting, purchasing and operation/maintenance of plan are examples of services which typically benefit several activities and programs and for which appropriate costs may be attributed to the federal program by means of an indirect cost allocation plan. (*Reference 200.414*)

The district shall develop an indirect cost rate proposal and cost allocation plan in accordance with law, regulations, and the terms and conditions of the federal award.

The indirect cost rate used in calculating the indirect costs depends on whether the grant is a restricted or unrestricted grant. Examples of unrestricted grants are food service funds.

Segregating unallowable from allowable costs - The following steps shall be taken to identify and segregate costs that are allowable and unallowable, with respect to each Federal award:

- The budget and grant or contract for each award shall be reviewed for costs and specifically allowable or unallowable.
- Accounting personnel shall be familiar with the allowability of cost provisions of 2 CFR 225, "Cost Principles for State, Local, and Indian Governments" particularly:
 - The list of specifically unallowable costs founds in Attachment B (Selected Items of Cost), such as alcoholic beverages, bad debts, contributions, fines, penalties and lobbying, etc.
 - The costs requiring advance approval from Federal agencies in order to be allowable in accordance with Attachment B, such as foreign travel, equipment purchases, etc.
- No costs shall be charged directly to any Federal award until the cost has been determined to be allowable under the terms of the award.

- For each Federal award, an appropriate set of general ledger accounts (or account segments) shall be established in the chart of accounts to reflect the categories of allowable costs identified in the award or the award budget.
- All items of miscellaneous income or credits, including the subsequent write offs of uncashed checks, rebates, refunds, and similar items shall be reflected for grant accounting purposes as reductions in allowable expenditures if the credit relates to charges that were originally charged to a Federal award or to activity associated with a Federal award. The reduction in expenditures shall be reflected in the year in which the credit is received (ie. if the purchase that results in the credit took place in a prior year, the prior year shall not be amended for the credit.)

Allowability Determinations

All costs supported by federal education funds must meet the standards outlined in EDGAR, 2CFR Part 3474 and 2 CFR Part 200, Subpart E, which are listed below.

Part 200 sets forth general cost guidelines that must be considered, as well as rules for specific types of items, both of which must be considered when determining whether a cost is an allowable expenditure of federal funds. The expenditure must also be allowable under the applicable program statute (e.g., Title I of the Elementary and Secondary Education Act (ESEA), or the Carl D. Perkins Career and Technical Education Act (Perkins)), along with accompanying program regulations, nonregulatory guidance, and grant award notifications. Restrictions in state and local rules or policy also must be considered. For example, travel and other job-related expenses incurred by employees are not allowable unless they also are in compliance with board policy GAN, administrative regulations, and related procedures.

Whichever allowability requirements are stricter will govern whether a cost is allowable.

General allowability determination factors include the following:

- Allowability: To be allowable under a federal award, costs must meet the following criteria:
 - Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
 - Conform to any limitation or exclusions set forth in these principles or in the Federal award as to types of amount of cost items.
 - Be consistent with policies and procedures that apply uniformly to both federally financed and other activities of the district.
 - Be accorded consistent treatment. A cost may not be assigned to a federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to a federal award as an indirect cost.
 - Be determined in accordance with GAAP.

- Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period.
- Criteria for Allowability - All costs must meet the following criteria from 2 CFR 225, Attachment A, in order to be treated as allowable direct or indirect costs under a Federal award: The cost must be "reasonable" for the performance of the award, considering the following factors:
 - Whether the costs is of a type that is generally considered as being necessary for the operation of USD 383 or the performance of the award and be allocable thereto under these principals.
 - Restraints imposed by such factors as generally accepted sound business practices, arm's lengths bargaining, Federal and state laws and regulations, and the terms and conditions of the award;
 - Whether the individuals concerned acted with prudence in the circumstances;
 - Consistency with established policies and procedures of USD 383, deviations from which could unjustifiably increase the costs of the award.

Whether a cost is **necessary** will be determined based on the needs of the program. Specifically, the expenditure must be necessary to achieve an important program objective. A key aspect in determining whether a cost is necessary is whether the district can demonstrate that the cost addresses an existing need, and can prove it. For example, the school may deem a language skills software program necessary for a limited English proficiency program.

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

- Whether the cost is needed for the proper and efficient performance of the federal award 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.

The cost must be "reasonable" for the performance of the award, considering the following factors:

- The cost must be "allocable" to an award by meeting on of the following criteria:
 - The cost incurred specifically for a Federal award

- The cost benefits both the Federal award and other work, and can be distributed in reasonable proportion to the benefits received or
- The cost is necessary to the overall operation of USD 383, except where a direct relationship to any particular program or group of programs cannot be demonstrated.
- The cost must conform to any limitations or exclusions of 2 CFR 225, or the Federal award itself
- Treatment of costs must be consistent with policies and procedures that apply to both Federally financed activities and other activities of USD 383
- Costs must be consistently treated over time.
- The cost must be determined in accordance with GAAP.
- Be adequately documented.
- Be net of all applicable credits.

Reference 2 CFR Part 200.403 and 200.406

- Reasonable: A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. To be reasonable, consideration must be given to:
 - Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the district or the proper and efficient performance of the federal award.
 - The restraints or requirements imposed by such factors as: sound business practices; arm's-length bargaining, Federal, state and other laws and regulations; and terms and conditions for the federal award.
 - Market prices for comparable goods or services for the geographic area.
 - Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the district, its employees, where applicable its students or membership, 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.

Reference 2 CFP Part 200.404

- Allocable: A cost is allocable to a particular federal award if the goods or services involved are chargeable or assignable to that federal award in accordance with relative benefits received. The cost is allocable if it:
 - Is incurred specifically for the federal award.

- Benefits both the Federal award and other work of the district and can be distributed in proportion that may be approximated using reasonable methods, and
- Is necessary to the overall operation of the district and is assignable in part to the federal award in accordance with the following:
 - All activities which benefit from the district's indirect cost, including unallowable activities and donated services by the district or third parties, will received an appropriate allocation of indirect costs.
 - Any cost allocable to a particular federal award may not be charged to other federal awards to overcome fund deficiencies, to avoid restrictions imposed by federal statutes, regulation, or terms and conditions of the federal award. However, this prohibition would not preclude the district from shifting costs that are allowable under two or more federal awards in accordance with existing federal statutes, regulation or the terms and conditions for the federal awards.
 - Direct cost allocation principles state that if a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost must be allocated to the projects based on the proportional benefit. If a cost benefits two or more projects or activities in proportions that cannot be determined because of the interrelationship of the work involved, then the cost may be allocated or transferred to benefitted project on any reasonable basis.

Reference 2 CFR Part 200.405.

Selected Items of Cost

Subpart E of Part 200 sets forth principles to be applied in establishing the allowability of fifty-five (55) specific cost items (commonly referred to as Selected Items of Cost), at 2 CFR Sec. 200.420-200.475. These specific cost items are listed in the chart below along with the citation to the section of Subpart E addressing the allowability of that item. These principles are in addition to the other general allowability standards, and apply whether or not a particular item of cost is properly treated as direct cost or indirect (F&A) cost. Meeting the specific criteria for a listed item does not by itself mean the cost is allowable, as it may be unallowable under other standards or for other reasons, such as restrictions contained in the terms and conditions of a particular grant or restrictions established by the state or in Board policy. If an item is unallowable for any of these reasons, federal funds cannot be used to purchase it.

School district employees responsible for spending federal grant funds and for determining allowability must be familiar with and refer to the Part 200 selected items of cost section. These rules must be followed when charging these specific expenditures to a federal grant. When applicable, employees must check costs against the selected items of cost requirements to ensure the cost is allowable and also check state, district, and program-specific rules.

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

ANNUAL RISK ASSESSMENT

- A risk assessment for all sub-recipients is performed on an annual basis prior to grant awards. Risk factors include but are not limited to.
 - Audit findings
 - New personnel
 - Prior experience/performance
 - Prior monitoring findings
 - Late reporting
 - Allocation amount
 - Overpayments/refunds
 - Data submission errors
 - Lapsed funds/carryover amounts
 - Financial distress
 - Implications of fraud and abuse
 - Impending school closures

OBLIGATIONS FROM THE STATE

The district establishes and maintains board policies, administrative regulations and administrative procedures on administration of federal funds in federal programs as required by the Uniform Grant Guidance and other federal, state and local laws, regulations, and requirements. The district's fiscal management system includes internal controls and grant management standards in the following areas when federal funds are involved.

CASH MANAGEMENT

Cash Management/Requesting Federal Funds - USD 383 may request federal funds on a reimbursement basis or by estimating the expenditures projected for the month, based on the requirements of the federal award.

- Reimbursement Basis - If the reimbursement basis is used for federal awards the following practice should be followed. After funds have been expended, or typically, at the end of the month the Budget and Grant Accountant will:
 - Run trial balance sheet reports to see the current balance of the fund for which the federal monies is being requested.
 - Run expenditure reports to see the current amount of expenditures and any encumbrances.

- In funds that have more than one federal award, expenditure reports should be ran by department to show the breakdown of expenditures for the award being requested.
- Amounts requested may include encumbered amounts; but otherwise should not exceed current expenditures.
- If money is requested for encumbrances, the encumbrances shall be reviewed to make sure they are paid for in a timely manner.
- Estimated Expenditure Basis - For the estimated expenditure basis, the following practices should be followed:
 - Trial balance sheet reports should be ran to see the current balance of the fund for which the federal monies is being requested.
 - Balances and current monthly expenditures should be taken into consideration to establish a projected expenditure amounts for the following month.
 - Funds requested should be used in a timely manner.
 - Monthly requests should be monitored and adjusted as needed to make sure any prior month request is being used.

Methods and procedures for payment must minimize the time elapsing between the transfer of funds from the US Treasury to the State and ultimately to the pass-through entity. Payments to the pass-through entity for federal awards should be made as reimbursements for expenditures anticipated to be made within three days.

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

Interest earned on any federal funds is limited to only \$500 per year that may be retained by the pass-through entity for administrative expenses.

- The interest calculation is the amount of the reimbursement times the annualized federal interest rate for the fiscal year times the number of business days the funds were held until delivery (less three days).

Example: Amount of Reimbursement
 X Recent fiscal year daily federal interest rate
X # of Business days
 Interest due

FINANCIAL MANAGEMENT/SEPARATE TRACKING

The financial management system of each district must provide for the following:

- Identification, in its accounts, of all federal awards received and expended and the federal programs under which they are received

- Accurate, current, and complete disclosure of the financial results of each federal award or program
- Records that identify adequately the source and application of funds for federally funded activities.
- Effective control over, and accountability for all funds, property and other assets.
- Comparison of expenditures with budget amounts for each federal award.
- Grant revenues and expenditures must be separately identified with codes and must not be comingled with other state, federal, and local funds.

PERIOD OF AVAILABILITY/OBLIGATIONS

Each federal grant has a period for which funds can be obligated and expended. When a grant is awarded, it is important to note what the approved project period is and the time frames for which obligations may be incurred and liquidated. Where a funding period is specified, a subgrantee may charge to the award only costs resulting from obligations incurred during the funding period. Also, if authorized by the applicable federal program, unobligated balances may be carried over and charged for obligation for the subsequent funding period.

Timely Obligation of Funds

Obligations – orders placed for property and services, contracts, and subawards made and similar transactions during a given period that require payment by the district during the same or a future period.

The following table illustrates when funds must be obligated under federal regulations:

Obligation is for:	Obligation is made:
Acquisition of Property	On the date on which the district makes a binding written commitment to acquire the property
Personal Services by a district employee	When the services are performed
Personal services by a contractor who is not a district employee	On the date on which the district makes a binding written commitment to obtain the services.
Public Utility Services	When the district receives the services
Travel	When the travel occurs
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

CONSTRUCTION

The district may not use its grant funds for construction unless specifically permitted by the authorizing statute, regulation and department. Prior approval must be received.

CONTRACTOR VS. SUBRECIPIENT

A contractor is for the purpose of obtaining goods and services for the district's own use and creates a procurement relations with the contractor. Contract characteristics include:

- Provides the goods and services within normal business operations.
- Provides similar goods and services to many different purchasers
- Normally operates in a competitive environment
- Provides goods or services that are ancillary to the operation of the federal program and;
- Is not subject to compliance requirements of the federal program as a result of the agreement.

A sub-award is for the purpose of carrying out a portion of a federal award and creates a federal assistance relationship with the sub recipient. Sub recipient characteristics include;

- Determines who is eligible to receive what federal assistance.
- Has its performance measures in relation to whether objectives of a federal program were met.
- Has responsibility for programmatic decision making.
- Is responsible for adherence to applicable federal program requirements specified in the federal awards.
- In accordance with its agreement, uses the federal funds to carry out a program for a public purpose specified in authorizing statute, as opposed to providing goods or services for the benefits of the pass-through entity.

DEBARMENT AND SUSPENSION

The district and contractors are subject to the non-procurement debarment and suspension regulations. All vendors/contractors from which purchases are made with federal funds must be checked through the System for Award Management at www.sam.gov. All contracts over \$25,000, the district must verify that the contractor with whom the district intends to do business is not excluded or disqualified. All successful contractors must provide written certification that

they have not been suspended or debarred from federal projects. Any contractor/vendor that fails to comply with this will be debarred or suspended from purchases with federal money. For any construction agreements in excess of \$2,000 funded with federal money, the Davis Bacon Act must be followed. All contracts made with federal money over \$10,000 must have provisions for termination for cause and convenience.

DAVIS BACON ACT

Laborers and mechanics employed by contractors or subcontractors to work on approved construction projects financed using federal assistance must be paid wages not less than those established for the local project area by the Secretary of Labor. Prevailing wages rates are located at <http://www.wdol.gov/dbas.aspx>

EQUIPMENT AND REAL PROPERTY

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 \$5000.

Management requirements. Procedures for managing equipment whether acquired in whole or in part under a federal award, until disposition takes place, will at minimum meet the following requirements:

- Equipment must be maintained and include:
 - Description of the equipment/property
 - Serial number or other identifiable number
 - Funding source of property
 - Who holds the title, if applicable
 - Acquisition date
 - Cost of the property
 - Percentage of federal participation in the project costs for the federal award under which the property was acquired
 - Location of the property
 - Use and condition of the property
 - Any disposition date including the date of disposal and sale price
- A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.
- Inventory will be received by the department or program requesting the item, designated staff will inspect the property, compare it to the applicable purchase order or requisition and ensure it is appropriately logged and tagged in the district's management system.

- Property use – equipment must be used by the district in the program or project for which it was acquired as long as needed, whether or not the project continues to be supported by the federal award, and the district must not encumber the property without prior approval of the federal awarding agency.
- When no longer needed for the original program or project, the district may transfer title to the property to the Federal Government or to an eligible party provided that;
 - The district must be entitled to compensation for its attributable percentage of the current fair market value of the property
 - When original or replacement equipment acquired under a grant is no longer needed for the original project or program, the equipment may be transferred and used in other projects or programs currently or previously funded by the federal awarding agency.
 - The transfer of such items should be noted on the equipment inventory maintained by the district.
- When 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.

Property disposition – when the original or replacement equipment acquired under a federal award is no longer needed for the original project or program the district must dispose of the equipment as follows;

- Items of equipment with a current per-unit fair market value of \$5000 or less may be retained, sold or otherwise disposed of with no further obligation to the federal awarding agency. The disposition of such items should be noted on the equipment inventory maintained by the sub grantee.
- Items of equipment with a current per-unit fair market value in excess of \$5000 may be retained by the district or sold. The federal awarding agency is entitled to an amount calculated by multiplying the current market value or proceeds from the sale by the federal percentage of participation in the cost of the original purchase. If the equipment is sold, the federal awarding agency may permit the district to deduct and retain from the federal share \$500 or ten percent of the proceeds, whichever is less, for its selling and handling expenses. Proper sales procedures must be used to ensure the highest possible return.

If the district will be replacing the equipment or supplies, the district may use the existing equipment or supplies as a trade-in or sell the property and use the proceeds to offset the cost of the replacement property.

Real property use – Real property means land, including land improvements and structures but excludes moveable machinery and equipment.

Real property disposition – when real property is no longer needed for the originally authorized purpose, the district must obtain disposition instructions from the funding agency. The instructions must provide for one of the following alternatives:

- Retain title after compensating the federal awarding agency.
- Sell the property and compensate the federal awarding agency.

- Transfer title to the federal awarding agency or to a third party designated/approved by the federal awarding agency.

Title to federally-owned property remains vested in the federal government. The district must submit annually an inventory listing of federally owned property in its custody to the federal awarding agency.

The district may use the following methods in disposing of unnecessary equipment or supplies acquired with federal funds:

- Public auction and/or online sale – generally conducted by a licensed auctioneer.
- Salvage – scrap sold to local dealers.
- Negotiated sale – normally used when disposing of items of substantial value.
- Sealed bid – normally used for items of substantial value or unique qualities.
- Pre-priced sale – large quantities of obsolete or surplus equipment or supplies may be sold by this method.
- Donation to charitable organizations, for equipment or supplies with little to no value.
- Disposition to trash for equipment or supplies with no value.

PROCUREMENT

General procurement standards: Procurement standards apply to the purchase of supplies, equipment, construction (if approved) and other services funded in whole or in part by federal grant funds, which include the following:

- The district must use its own documented procurement procedures which reflect applicable state and local laws and regulations, provided that the procurements conform to applicable federal law.
- The district must maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications for their contracts or purchase orders.
- The district must maintain written 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 employees or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract.
 - The officers, employees, and agents of the district may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors of parties to subcontracts.

- If the district has a parent, affiliate, or subsidiary organization that is not a state or local government, the district must also maintain written standards of conduct covering organizational conflicts of interest.
- The district must avoid acquisition of unnecessary or duplicative items.
- The district is encouraged to enter into state and local intergovernmental agreements for use of common or shared goods and services.
- The district is encouraged to use federal excess and surplus property.
- The district is encouraged to use value engineering clauses in contracts for construction projects.
- The district must award contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement.
- The district must maintain records sufficient to detail the history of procurement. The records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.
- The district must be responsible for the settlement of all contractual and administrative issues arising out of procurements.

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 possible.

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

Competition: All procurement transactions must be conducted in a manner providing full and open competition. 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.
- Any arbitrary action in the procurement process.

The district must ensure 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.

Standard Procurement Documents and Purchase Request Process

The district shall use purchase orders for purchase requests in accordance with the applicable purchase method.

The district shall use paper purchasing records, which are numbered and are accessible to designated purchasing staff in the business office.

Purchase requests by an employee must be submitted to the building administrator or immediate supervisor. Purchase of all budgeted items or items approved by an administrator or supervisor must be initiated by use of a purchase order or requisition submitted to the purchasing agent.

Purchase orders and requisitions shall contain information including, but not necessarily limited to:

1. Description of the services to be performed or goods to be purchased;
2. Location of where services will be performed or goods will be delivered;
3. Appropriate dates of service or delivery;

The district approves the use of procurement cards for permissible purchases by designated employees to improve the efficiency of purchasing activities, reduce processing expenses, improve controls for small-dollar purchases, and streamline contractor payment. Procurement cards may be used for purchases under federal programs.

Methods of Procurement: The district must use one of the following methods of procurement (see Procurement Claw below) or be more restrictive with their policies:

- Micro-purchases. Procurement by micro-purchase is the acquisition of supplies or services which are less than \$3,500. The aggregate amount of which does not exceed a base amount of \$3,500. The micro-purchase dollar threshold is adjusted periodically by the federal government, and the current amount published by the Federal Register shall apply if other than \$3,500. This purchase may be awarded without soliciting competitive quotations. To the extent practicable, the district distributes micro-purchases equitably among qualified suppliers when the same or materially interchangeable products are identified and such suppliers offer effectively equivalent rates, prices and other terms. The district will maintain evidence of this reasonableness in the records of all micro-purchases.
- Small purchase procedures. Small purchase procedures are those simple and informal procurements for securing services, supplies or other property that cost between \$3,500 and \$150,000. Price and rate quotations must be obtained from at least two qualified sources. Amounts are adjusted periodically and published in Federal Register. (48 CFR Subpart 2.1)

- Sealed bids (formal advertising). Bids are publicly solicited and a firm fixed price contract is awarded. The sealed bid method is preferred for procuring construction. Per USD 383 board policy, all purchases, for goods and construction, exceeding \$10,000 must be submitted as a sealed bid.
- Competitive proposals. The technique of competitive proposals is normally conducted with more than one source submitting an offer and either a fixed price or cost-reimbursement type of contract is awarded.
 1. Requests for proposals must be publicized and identify all evaluation factors and their relative importance. Any response to publicized requests for proposals must be considered to the maximum extent practical.
 2. Proposals must be solicited from an adequate number of qualified sources.
 3. There must be a written method for conducting technical evaluations of the proposals received and for selecting recipients.
 4. Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered.
 5. Competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby competitors' qualifications are evaluated and the most qualified is selected, subject to negotiation of fair and reasonable compensation, are allowed. The method where price is not used as a selection factor can only be used in procurement of A/E professional services and cannot be used to purchase other services through A/E firms.
- Noncompetitive proposals. This is the solicitation of a proposal from only one source and may be used only when one or more of the following applies: The item is available only from a single source; the public emergency for the requirement will not permit a delay; the pass-through entity authorizes noncompetitive proposals in response to a written request; and/or after solicitation of a number of sources, competition is determined inadequate.
- Food Service
 - Exemption from Bidding for Perishable Food Items - Kansas law exempts purchases of food and foodstuffs necessary for the implementation or operation of any child nutrition program from bidding requirements. Bidding for such items is required only if the cost would be at or over the federal threshold at which formal competitive bidding is required (\$150,000). Small purchase procedures may be used for purchases below \$150,000, or micro-purchase procedures for purchases below \$3,500. Use of bidding should be considered as an option if it is feasible and likely to result in cost savings.

The following provisions shall be included in all cost reimbursable contracts for food services purchases, including contracts with cost reimbursable provisions, and in solicitation documents prepared to obtain offers for such contracts: (7 CFR Sec. 210.21, 215.14a, 220.16)

1. Allowable costs will be paid from the nonprofit school food service account to the contractor net of all discounts, rebates and other applicable credits accruing to or received by the contractor or any assignee under the contract, to the extent those credits are allocable to the allowable portion of the costs billed to the school food authority;

2. (a) The contractor must separately identify for each cost submitted for payment to the school food authority the amount of that cost that is allowable (can be paid from the nonprofit school food service account) and the amount that is unallowable (cannot be paid from the nonprofit school food service account); or

(b) The contractor must exclude all unallowable costs from its billing documents and certify that only allowable costs are submitted for payment and records have been established that maintain the visibility of unallowable costs, including directly associated costs in a manner suitable for contract cost determination and verification;

3. The contractor's determination of its allowable costs must be made in compliance with the applicable departmental and program regulations and Office of Management and Budget cost circulars;

4. The contractor must identify the amount of each discount, rebate and other applicable credit on bills and invoices presented to the school food authority for payment and individually identify the amount as a discount, rebate, or in the case of other applicable credits, the nature of the credit. If approved by the state agency, the school food authority may permit the contractor to report this information on a less frequent basis than monthly, but no less frequently than annually;

5. The contractor must identify the method by which it will report discounts, rebates and other applicable credits allocable to the contract that are not reported prior to conclusion of the contract; and

6. The contractor must maintain documentation of costs and discounts, rebates and other applicable credits, and must furnish such documentation upon request to the school food authority, the state agency, or the department.

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.

Time and Materials Contracts

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

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

Settlements of Issues Arising Out of Procurements

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

Protest Procedures to Resolve Dispute

The district maintains protest procedures to handle and resolve disputes relating to procurements and, in all instances, discloses information regarding the protest to the awarding agency. Protest procedures will be acted on in accordance with current state law and regulations, board policy and administrative regulations and procedures, and the advice of the board’s legal counsel.



Reference 2 CFR Part 200.320 & 200.323

Contracting with Small and Minority and Women’s Businesses

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

Affirmative steps include:

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

Reference 2 CFR Sec. 200.321

SUPPLIES

Title to supplies will vest in the district upon acquisition. If there is a residual inventory of unused supplies exceeding \$5,000 in total aggregate value upon termination or completion of the project or program and the supplies are not needed for any other Federal award, the district must retain the supplies for use on other activities or sell them, but must, in either case, compensate the Federal government for its share.

Reference 2 CFR Part 200.314

SUPPLEMENT/SUPPLANT REQUIREMENT

Under the federal “supplement, not supplant” requirement, non-Federal entities may use federal funds only to supplement and, to the extent practical, increase the level of funds that would, in the absence of the federal funds, be made available from non-federal sources for the education of

participating students. In no case may non-Federal entities use federal program funds to supplant (take the place of) funds from non-federal sources.

Supplement, not supplant provisions generally operate the same way for all programs.

Supplanting is presumed to occur in the following instances:

- The district uses federal funds to provide services that it is required to make available under other federal, state or local laws.
- The district uses federal funds to provide services that were provided with non-federal funds in the prior year.
- The district uses Title I funds to provide services for eligible children that it provides with non-federal funds to other children. The law does permit sub grantees/recipients to exclude state and local funds expended for any entity that operates as a Schoolwide program under section 1114, and for any school or school attendance area as part of a state or local program that is very similar to Title I (comparable program provision).

These presumptions are rebuttable if the district can demonstrate that it would not have provided the services in question with non-federal funds had the federal funds not been available. For example, a district in the past year had used state or local funds to pay the salaries of certain personnel. The district then experiences significant loss of revenue. In the next year that district may be able to demonstrate that the use of current year federal program funds to pay for the salary costs would not be supplanting because, without the federal funds, it would not have the resources needed to maintain these positions. This exception can also be used where the services are mandated by state law, but the state provides no funds for it.

PROGRAM INCOME

Program income means gross income earned by the district that is directly generated by a supported activity or earned as a result of the Federal award during the period of performance. Program income shall be deducted from reimbursements unless the Federal awarding agency regulations or the grant agreement specify another alternative.

Reference: 2 CFR Part 200.80 and 2 CFR Part 200.307(e)

RECORD RETENTION

Financial records, supporting documents, statistical records, and all other district records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report.

If any litigation, claim, or audit is started before the expiration of the 3-year period, the records must be retained until all litigation, claims, or audit findings involving the records have been resolved and the final action taken.

Records for real property and equipment acquired with Federal funds must be retained for 3 years after final disposition.

Reference: 2 CFR Part 200.333

TIME AND EFFORT

Compensation for personal 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 noted below and that the total compensation for individual employees:

- Is reasonable for the services rendered and conforms to the established written policy of the district consistently applied to both Federal and non-Federal activities.
- Follows an appointment made in accordance with the district's laws or written policies.
- Is determined and supported by appropriate documentation.

Documentation of Personnel

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 provide reasonable assurance that the charges are accurate, allowable and properly allocated.
- Be incorporated into the official records of the district.
- Reasonably reflect the total activity for which the employee is compensated by the district, not exceeding 100% of compensated activities.
- Encompass both federally assisted and all other activities compensated by the district on an integrated basis, but may include the use of subsidiary records as defined in the district's written policy.
- Comply with the established accounting policies and practices of the district.
- Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases.
- Budget estimates alone do not qualify as support for charges to federal awards, but may be used for interim accounting purposes.
- Records may reflect categories of activities as a percentage distribution of total activities.

Records are required for all employees, including teachers, paraprofessionals, administrators, and other staff that is paid with federal funds to document the time and effort they spend within the program. The portion of the federally paid salary should be reflective of the actual activity, not budgeted, the individual has put forth for that federal program. Time and effort reporting is required when any part of an individual's salary is charged to a federal program or used as match for a federal program.

Semi-Annual Certification:

Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications are required to be prepared at least semi-annually.

Monthly Personnel Activity Report (PAR):

Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports (PARs). Salaries and wages of employees used in meeting cost sharing or matching requirements of Federal awards must be supported in the same manner as those claimed as allowable costs under Federal awards.

NONDISCRIMINATION

The district shall not discriminate on the basis of race, color, national origin, sex, handicap, or age in its programs and activities.

POLITICAL ACTIVITY

Federal funds cannot be used for partisan political purposes of any kind including advocacy by any person/organization involved in the administration of federally assisted programs.

CONFERENCES/MEETINGS

A conference is defined as a meeting, retreat seminar, symposium, workshop or even whose primary purpose is relaying information beyond the district and is necessary and reasonable for successful performance under the federal award.

Allowable conference costs paid by the district as a sponsor or host of the conference may include;

- Rental of facilities

- Speakers' fees
- Costs of meals and refreshments, unless specifically not permitted by the authorizing statute or regulation
- Local transportation
- Other items incidental to such conferences

Unallowable costs:

- Entertainment costs

TRAVEL COSTS

Travel costs are the expenses for transportation, lodging, subsistence, and related items incurred by employees who are traveling on official business of the district. Such costs must be charged on an actual cost basis. Board members and district employees shall comply with applicable board policies established for reimbursement of travel and other expenses. School board members must have prior written approval from the federal awarding agency or pass-through entity to get reimbursement for expenses specifically related to a federal award. All travel costs must be presented with an itemized, verified statement prior to reimbursement.

- Lodging
 - Costs incurred by employees for travel, including costs of lodging, and incidental expenses must be considered reasonable and otherwise allowable only to the extent such costs do not exceed charges normally allowed by the district in its regular operations.
 - If charged directly to the federal award, documentation must justify that;
 - Participation of the individual is necessary to the federal award, and
 - The costs are reasonable and consistent with non-federal travel policies
- Mileage
 - Travel costs shall be reimbursed on a mileage basis for travel using an employee's or board member's personal vehicle.
 - Mileage rates shall be at the rate approved by the board for other district travel reimbursements.
- Other Expenses
 - Actual costs for meals, lodging, and other allowable expenses shall be reimbursed only to the extent they are reasonable and do not exceed the per diem limits established by the Manhattan-Ogden USD 383 Board of Education.