

Burr Oak

Community Schools

GRANT PROGRAM PROCEDURES MANUAL

2014-15

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GRANT PROGRAMS

(Federal, State, and Local)

A. GENERAL POLICIES

1. Accounting procedures, chart of accounts and other records are structured to provide for identifying receipts and expenditures of program funds separately for each grant.
2. The accounting system used provides for accumulating and recording expenditures by grant and by cost category as shown in the approved budget.
3. A documented time schedule is in place for filing financial reports with grantors. Grant financial reports are prepared for required accounting periods and filed within the time period required by agencies. Reconciliations of grant financial reports are prepared, reviewed and approved before filing.
4. A determination is made that grant financial reports and claims for advances and reimbursement agree with supporting financial records and the general ledger.

B. PERIOD OF AVAILABILITY

1. When there is a funding period specified, the fiscal services manager will charge to the grant only costs that are allowable and are a result of obligations incurred during the grant funding period and any pre-award costs authorized by the federal awarding agency.

C. PROGRAM RECEIPTS

1. The school district holds grant agreements that provide for funding under requests for advance payment.
2. The school district has procedures in place, including cash requirement projections, which minimize the time between the transfer of funds from the Federal government and disbursement of those funds. The fiscal services manager approves requests reimbursements from grant funds.
3. Federal funds are accounted for through grant fund control accounts.

D. PURCHASING

1. The fiscal services manager reviews costs charged to direct and indirect cost centers in accordance with applicable grant requirements and applicable federal management circulars pertaining to cost principles.

2. In the event that grant agreements or regulations impose requirements that differ from the school district's normal policies, such as competitive bid requirements, these differences are communicated to appropriate employees.

E. ALLOWABLE USE OF FUNDS/COST PRINCIPLES

1. **ALLOWABLE USE OF FUNDS:**

District management will enforce appropriate procedures and penalties for program, compliance and accounting staff that are responsible for the allocation of federal grant costs based on their allowability and their conformity with federal cost principles to determine the allowability of costs. The person responsible for monitoring federal programs needs to work with business office staff.

- OFS Generally Allowable Use of Funds Q & A attached
- OFS Title II Part A, Q & A attached

2. **DETERMINING ALLOWABLE COSTS:**

(a.) Framework for analyzing allowable costs:

Federal grant programs are governed by a variety of federal rules including statutes, regulations, and non-regulatory guidance. To determine whether a cost may be paid with federal funds, i.e. whether the cost is permissible, staff must be familiar with these rules and how they work together. Generally, when analyzing whether a particular cost is permissible, it is useful to perform the following analysis:

- Is the cost specifically included in the district's approved grant budget?
- Is the cost forbidden by federal laws such as OMB Circular A-87 or EDGAR?
- Is the cost permissible under the relevant federal program?
- Is the cost consistent with the federal cost principles in OMB Circular A-87?
- Is the cost consistent with program specific fiscal rules?
- Is the cost consistent with an approved program plan and budget, as well as any special conditions imposed on the grant?

While there are other important considerations district staff must take into account when analyzing whether a specific proposed cost is permissible, the above questions can provide a useful framework for the analysis. District staff must work with the business office staff and in determining allowable cost.

3. **PROGRAM ALLOWABILITY:**

Any cost paid with federal education funds must be permissible under the federal program that would support the cost.

Many federal education programs detail specific required and/or allowable uses of funds for that program. Issues such as eligibility, program beneficiaries, caps or restrictions on certain types of program expenses, and other program expenses, and other program specific requirements must be considered when performing the programmatic analysis.

The two largest federal K-12 programs, Title I, Part A and Title II, Part A, do not contain a use of funds section delineating the allowable uses of funds under those programs. In those cases, costs must be consistent with the purposes of the program in order to be allowable.

5. **FEDERAL COST PRINCIPLES:**

OMB Circular A-87 defines the parameters for the permissible uses of federal funds. While there are many requirements contained in A-87, it includes five core principles that serve as an important guide for effective grants management. These core principles require all costs to be:

- **Necessary** for the proper and efficient performance or administration of the program.
- **Reasonable.** In other words, it should be clear to an outside observer why a decision to spend money on a specific cost made sense in light of the cost, needs, and requirements of the program.
- **Allocable** to the federal program that paid for the cost. This means that a program must benefit in proportion to the amount charged to the federal program—for example, if a teacher is paid 50% with Title I funds, the teacher must work with the Title I program/students at least 50% of the time. This also means that recipients need to be able to track items or services purchased with federal funds so they can prove they were used for federal program purposes.
- **Authorized** under state and local rules. This means that all actions carried out with federal funds must be authorized and not prohibited by state and local laws and policies.
- **Adequately documented.** A recipient must maintain proper documentation so as to provide evidence to monitors, auditors, or other oversight entities of how the funds were spent over the lifecycle of the grant.

OMB Circular A-87 also contains specific rules on selected items of costs. Costs must comply with these rules in order to be paid with federal funds. Note: Once the provisions of the Uniform Grant Guidance (UGG), which were published in December 2014 have been finalized, section 5 FCP will be revised.

6. PROGRAM SPECIFIC FISCAL RULES:

All federal education programs have certain program specific fiscal rules that apply. Determining which rules apply depends on the program; however, rules such as supplement, not supplant, maintenance of effort, comparability, caps on certain uses of funds, etc. have an important impact when analyzing whether a particular cost is permissible.

Many state administered programs require LEAs to use federal program funds to supplement the amount of state, local (and in some cases other Federal) funds they spend on education costs, and not to supplant – or replace – those funds. Generally, the “supplement, not supplant” provision means that federal funds must be used to supplement the level of funds from non-federal sources by providing additional services, staff, programs, or materials. In other words, federal funds normally cannot be used to pay for things that would otherwise be paid for with state or local funds (and in some cases with other federal funds).

Auditors generally presume supplanting has occurred in three situations:

- District uses federal funds to provide services that the district is required to make available under other federal, state or local laws.
- District uses federal funds to provide services that the district provided with state or local funds in the prior year.
- District uses Title I, Part A to provide the same services to Title I students that the district provides with state or local funds to nonparticipating students.

These presumptions apply differently in different federal programs, and also in school wide program schools. Staff should be familiar with the supplement not supplant provisions applicable to their program.

7. APPROVED PLANS, BUDGETS AND SPECIAL CONDITIONS:

As required by 2CFR Part 225 (OMB Circular A-87) all costs must be consistent with approved program plans and budgets. This includes the district’s Consolidated Application to the Michigan Department of Education and school-level plans such as school wide plans or federal school improvement plans.

Costs must also be consistent with all terms and conditions of federal awards, including any special conditions imposed on the district’s grants

F. DIRECT PROGRAM EXPENSES

1. The school district has established policies and procedures that preclude charging federal award programs with unallowable costs and expenditures in compliance with the terms of OMB Circular A-87.

2. For awards or programs with matching requirements, levels-of-effort or earmarking limitations, the fiscal services manager monitors activities to ensure that requirements and limitations are met, and that amounts claimed or used for matching are determined in accordance with applicable laws and regulations in OMB Circular A-87 and the Common Rule.

G. PAYROLL

1. To meet grant requirements, the school district has in place written personnel policies covering job descriptions, hiring procedures, promotions and dismissals.
2. All wages paid for by grant activities are paid at or above the federal minimum wage.
3. The school district has a written non-discrimination policy in place prohibiting discrimination based on race, sex, age or marital status in its employment practices.
4. On a quarterly basis, payroll for grant funded employees is reconciled by the business office and any adjustments made in payroll as well as the federal grant application.

(a) Verification of salaries charged to federal grants:

Once the consolidated application is approved, the business manager reviews the application in detail and assigns both payroll and non-payroll account numbers to each line item of the application, identifying the employee's name by each description for teaching positions. Then, the business manager reviews each teacher and para-pro's calculation sheet to ensure that the correct account number is on their calculation sheet and the FTE agrees to what was approved in the consolidated application. Verification is also done to ensure that the correct information is put into the district's software system.

Throughout the fiscal year, when cash draw downs are performed, the business manager verifies that the salaries and benefits charged to each school building agree with the approved consolidated application. Wages paid to Title 1 staff (paraprofessionals and teachers) agree to the respective bargaining unit's contract. Wages are consistent for general fund and federal grant employees, as verified by human resources when hire/fire documentation is prepared.

H. TIME & EFFORT REPORTING & APPROVAL PROCESS

1. A payroll time sheet is completed each payroll period by any hourly
 - i. employee whose wage is being funded by a state or federal grant source.
 - ii. This time sheet is reviewed and approved by the director of the program
 - iii. or the principal if it is deemed acceptable.

2. Any hourly employee whose time is split between a federal grant and
 - i. another funding source, completes a Personnel Activity Report indicating
 - ii. how much time was spent performing the functions funded by each source.
 - iii. The firector of the program or the principal reviews the form and approves
 - iv. it if it is deemed acceptable.

3. A Time Certification Form is completed semi-annually by the director of a
 - i. program or the principal of the building for any employee whose time is funded
 - ii. 100% by a single federal source or paid under the same cost objective.

4. All employees whose compensation is paid, in full or in part, with federal funds must maintain time and effort records in accordance with this established criteria. Employees must provide the information required on a timely basis and in accordance with all procedures. Time and effort records must be maintained in order for Burr Oak Community Schools to charge employee compensation costs to federal grants; thus, compliance with these procedures prevents disallowance of salary and wages charged to federal grants.

5. All employees paid with federal funds must maintain an activity log. Employees must provide the information required on a timely basis and in accordance with all procedures. Time and effort records must be maintained in order for Burr Oak Community Schools to charge employee compensation costs to federal grants; thus, compliance with these procedures prevents disallowance of salary and wages charged to federal grants.

PROCEDURES:

All employees paid with federal funds must adhere to the following procedures to complete the appropriate time and effort records. These procedures also apply to employees paid with non-federal funds that are used as a match (or in-kind contribution) in a federal program.

5. Determining Cost Objectives

A cost objective is defined as a federal grant award, or other category of costs Burr Oak Community Schools uses to track specific cost information. In certain circumstances Burr Oak Community Schools may track the time employees spend on particular activities within a single federal grant in order to demonstrate compliance with federal requirements such as earmarks, set-asides or match/in-kind contributions. When Burr Oak Community Schools uses employee compensation costs to meet these requirements they are known as “cost objectives.” In such a circumstance, an individual grant programs may have more than one cost objective.

Determining cost objectives requires a careful reading of the programmatic provisions in the statute providing the funds. Employees should contact the Burr Oak Community Schools business office if they need assistance determining the cost objectives on which they work.

6. Single Cost Objective Employees

An employee who works on a single cost objective must complete a semi-annual certification that indicates the employee worked solely on that cost objective for the period covered by the certification. The certification must be prepared at least every six months. Either the employee or a supervisor with first-hand knowledge of the work performed by the employee must sign the semi-annual certification.

A semi-annual certification must:

- Be executed after the work has been completed;
- State that the employee worked solely on activities related to a particular cost objective;
- Identify the cost objective;
- Specify the reporting period;
- Be signed by the employee or a supervisor with first-hand knowledge of the work performed; and
- Be dated.

Executed semi-annual certifications must be forwarded to the Burr Oak Community Schools business office.

7. Multiple Cost Objective Employees

Employees working on multiple cost objectives must maintain Personnel Activity Reports (PARs) or equivalent documentation indicating the amount of time spent on each cost objective for the period covered by the PAR or equivalent documentation. The PAR or equivalent documentation must be prepared for each payroll. The employee must sign the PAR or equivalent documentation.

A PAR or equivalent documentation must:

- Be executed after the work has been completed;
- Account for the total activity for which each employee is compensated, including part-time schedules or overtime (total activity means all of the time an employee works, not just the amount of time worked on a Federal program);
- Identify the cost objectives;
- Specify the reporting period;
- Be prepared to coincide with one or more pay periods;
- Be signed by the employee; and
- Be dated after the fact (when the work has been completed).

Copies of executed PARs are forwarded to the business office to initiate payroll for that time period.

8. Supplemental Contracts

As discussed above, time and effort records must account for all of an employee's activities (i.e. 100% of an employee's time). Thus, if an employee works overtime that time must be reflected in the employee's time and effort record.

If, however, an employee works in two distinct positions the employee may maintain separate time and effort records for each position.

For example, an employee works as a Title I teacher during the school day (charged to Title I) and a sports coach after school (charged to State or local funds). Assuming the coaching responsibilities are not part of the employee's regular job functions (e.g. the employee has a supplemental contract for the coaching position), the employee may treat each position separately – meaning the employee may complete a semi-annual certification for the teaching position, while no Federal time and effort record would be required for the coaching position.

In a similar example, an employee works as a Title I teacher during the school day (charged to Title I) and credit recovery teacher after school. Assuming the after school activities are not part of the employee's regular job functions, the employee may complete a semi-annual certification for the Title I teaching position and a separate semi-annual certification for the credit recovery teaching position.

9. Reconciliation

It is Burr Oak Community Schools practice to charge employee compensation costs to federal programs based on budget estimates that reasonably approximate how an employee will work during the year. Burr Oak Community Schools will reconcile payroll charges to the time as needed and effort reflected in employee time and effort records at least semi-annually.

If Burr Oak Community Schools identifies a variance between how an employee's salary was charged and how the employee actually worked, Burr Oak Community Schools will adjust its payroll charges so that the amount charged to federal funds reflects the employee's actual time and effort, as needed.

10. Document Retention

Time and effort records must be maintained for a period of five (5) years.

11. Employee Accountability and Sanctions

Failure to follow the provisions of this time and effort reporting policy and procedure may subject the individuals, departments or schools responsible for the violation(s) to administrative and/or disciplinary actions in accordance with Burr Oak Community Schools' disciplinary procedures and the judgment of management.

Financial Management Federal Fiscal Review Tool Checklist

- There are written procedures on recording time distribution for employees who work on one or more federal cost objectives.
- The district has PARs for split-funded employees (instructional staff may use their lesson plans to confirm their written schedules if they meet all of the other PAR requirements).
- The PARs are prepared semi-annually for salaried employees, by pay period for hourly employees
- The PARs are signed and dated by the employee
- The PARs account for the staff person's total activity
- The PARs are contemporaneous and not prepared in advance
- If paraprofessionals use regular time sheets, the time sheets:
 - Are an after-the-fact distribution of their actual activity
 - Account for the total activity for which they are compensated
 - Show the hours or percentages for the programs that they worked on

- Are prepared to coincide with at least one pay period
- Are signed by the employee
- For 100% federally-funded or “single cost objective” district employees
- The district has certifications or a blanket certification showing that the employees worked solely on a single federal cost objective
- The certifications are prepared at least semi-annually
- Individual certifications are signed and dated by the employees and a supervisor with first-hand knowledge of the work performed by the employees. Blanket certifications are signed and dated only by the supervisor with first-hand knowledge of the work performed by the employees.
- The certifications are contemporaneous and not prepared in advance

Central Business Office Duties

- The system for establishing estimates produces reasonable approximations of the activity performed
- At least semi-annually, comparisons are made of actual costs to budgeted distributions based on monthly activity reports
- Adjustments are made to costs charged to federal awards based on the activity actually performed
- The budget estimates or other distribution percentages are revised at least quarterly, if necessary, to reflect changed circumstances

I. CASH MANAGEMENT PROCEDURES RELATED TO FEDERAL PROGRAMS

a. Consolidated Application Process:

The superintendent works with the administrative team to determine the needs of the students for the respective Title 1 building, taking into consideration the school improvement plan and test scores. Once the needs of the building have been identified, the budget is created. Budget descriptions are prepared by the fiscal services manager, and the fiscal manager along with the administrative team determines the dollar amounts to be included in the budget, using the description provided by the superintendent and the administrative team.

Once the budget has been input into the consolidated application, it is reviewed by the fiscal services manager for instructional services and accountability and instruction, and the business manager before it is submitted.

b. Commingling of funds:

Once the consolidated application is approved, the business manager prints a copy of the application out of MEGS. Using the state chart of accounts, account numbers are assigned to each line item of the budget. The fiscal services manager also accesses the application and identifies line items with the appropriate account number to ensure that when supplies are purchased or salaries are charged, they are charged to the correct federal program account number.

Using the MEGS budget, the budget is set up in the district's software (MiCase). The budget in MiCase always agrees to the consolidated application budget, taking into consideration carryover. Federal grant expenses are always charged directly to a federal grant account number, journal entries are rarely done between a general fund account number and a federal grant account number unless an error is being corrected. In that case, proper documentation would need to be approved by the business manager showing the error before the journal entry would be processed.

c. Reimbursement Requests (Cash Draw Downs):

Once grant funds are spent, federal grant funds are requested (typically on a bi-monthly basis) once the consolidated application is approved. Grant funds are only requested by the business manager. A report of the federal grant expenses is printed out of the district's software (MiCase). The business manager reviews the report, in detail, to ensure that no accounts are over budget and that all expenses are in line with the approved consolidated application. Once the business manager confirms the accuracy of the expenditures, the business manager accesses the CMS on-line payment system and requests the grant funds. Grant reimbursements are typically received within 7-10 days after they are requested. The business manager reviews the district's bank account and once the reimbursement is received, a journal entry is done to record the revenue in the appropriate grant account.

d. Calculating Carryover & Final Expenditure Reports

Once the grant year is over (September 30th each year), carryover is calculated by subtracting the amount of the grant expenses from the budget. Title 1 limits carryover to 15% of the allocation and the business manager is in charge of monitoring the budget to ensure that carryover does not exceed that amount.

Once all expenditures have been accounted for in the grant period, the final expenditure report is filed in CMS. The business manager prints a report from the district's software (MiCase) and then compiles the expenses by function and object into Excel before keying it into CMS. All copies of reports are maintained along with the final expenditure reports in the business manager's office.

J. RETENTION & ACCESS REQUIREMENTS FOR RECORDS

1. Financial records, supporting documents, statistical records, and all other records pertinent to an award shall be retained for a period of three years from the date of submission of the final expenditure report or, for awards that are renewed

quarterly or annually, from the date of the submission of the quarterly or annual financial report, as authorized by the federal awarding agency.

12. The exceptions to this will be followed in accordance with regulation found in the Code of Federal Regulations Part 215.53.

K. PROPERTY & EQUIPMENT MANAGEMENT & MONITORING

1. The school district's depreciation policies or methods of computing use allowances are in accordance with the standards outlined in federal circulars or agency regulations.
2. Proper records must be created, maintained and retained for equipment acquired with grant funds. Equipment with an acquisition value of \$ 5,000 (district may set a lower threshold) and above and a useful life of more than one year which was purchased with grant funds must be adequately maintained and safeguarded. Disposition or encumbrance of equipment must conform to grant requirements. The granting agency must be compensated for any equipment sold or converted to non-grant use. District must take inventory of all grant purchased equipment with a unit value of \$5,000 and above at least once every two years and reconcile this information with current asset records.

3. PROCEDURE:

- a. Proper records must be created, maintained and retained by designated personnel for equipment acquired with grant funds. Methods of valuation for equipment include any outside labor, materials, and supplies used to place machinery, equipment, furniture, fixture items into service. These records should reference the percent and source of federal funds used to acquire the referenced equipment.

Items with an acquisition value over \$5,000 and a useful life of more than one year must be tracked at the school or department level. Records should include the following information:

- Purchase price and cost of placement on site ready for use;
- Useful life:
- Asset identification
- Date of acquisition (month/day/year)
- Description (noun first, then adjective-e.g. table, conference)
- Manufacturer
- Model number
- Serial number
- Purchase order number
- Funding source and percent (i.e. IDEA, Title I)
- Location of asset including site, building and room
- Classification of the asset and its associated life

- b. Each district must assign accountability for equipment management to a staff person. The district must have a system that provides safeguards against loss, damage or theft of equipment acquired with federal grant funds, and also requires the investigation of any losses, damage or theft of such equipment. The cognizant employee must file an incident report for any theft of grant funded assets at the school building level.
- c. Disposition of equipment must conform to grant requirements. In accordance with 34 CFR 80.32, items with a current per-unit fair market value of less than \$5,000 may be retained, sold or otherwise disposed of with no further obligation to the awarding agency.

Items with a value greater than \$5,000 may also be retained or sold and the federal agency has a right to a formula-based value for these items (current market value or proceeds from sale X the federal awarding agency's share in the equipment).

- d. The district must take a physical inventory of all grant purchased equipment with a current market value of \$5,000 and above at least once every two years.

Assets that are present but are not on the list, should be recorded in accordance with subsection a. above.

District records must document any items that are no longer present and the current status of these items should be recorded. The accounting staff will assess the results of this process and make the proper reconciliations in the fixed asset database or system.

Districts must develop a procedure to account for and safeguard small items susceptible to theft.

L. SUPPLIES

1. If there is a residual inventory of unused supplies exceeding \$5000 in total aggregate value upon termination or completion of a federal project or program and the supplies are not needed for any other federally-sponsored project or program, Burr Oak Community Schools will retain the supplies for use on non-federal sponsored activities or sell them, but shall, in either case, compensate the federal government for its share.
2. Burr Oak Community Schools shall not use supplies acquired with federal funds to provide services to non-federal outside organizations for a fee that is less than private companies charge for equivalent services, unless specifically authorized by federal statute as long as the federal government retains an interest in the supplies.
3. Any supply bought with federal grant funds, which have a useful life longer than one year and cost greater than \$100 will be kept on an inventory sheet. The inventory sheet will state the item, where the item is located and which grant

funds purchased the item. The item will be tagged with the name of the grant which paid for the item.

M. INDIRECT COSTS

1. The school district has an indirect cost allocation plan or negotiated indirect cost rate prepared in accordance with the provisions of OMB Circular A-87.
2. Audit cognizance of the plan has been established and the rates are acceptable to all participating federal and state agencies.
3. The school district has procedures in place that provide reasonable assurance that consistent treatment is applied in the distribution of direct and indirect charges to all grants.

N. TRAINING FOR FINANCIAL PROCEDURES

1. New employees will be given proper training for financial procedures by existing, experienced staff members.
2. The length of training is commensurate with the amount of prior experience of the new employee and will be adequate so he or she fully understands the financial procedures of the district.
3. Employees will receive refresher training as needed.
4. The district will provide training on the allowable use of federal funds to all staff involved in federal programs through activities such as:
 - Distributing federal guidance documents;
 - Distributing district policies and procedures;
 - Developing templates, checklists and other guidance documents as appropriate
 - Internal training sessions;
 - Routine staff meetings; and
 - Informal technical assistance.
5. Districts will promote coordination between all staff involved in federal programs through activities such as:
 - Routine staff meetings;
 - Joint training sessions;
 - Policies and procedures that address all aspects of federal grants management;
 - Sharing information that has cross-cutting impact such as single audits, monitoring reports, letters from oversight entities, etc.

O. MONITORING & REPORTING PROGRAM PERFORMANCE

1. The director in charge of a federal award along with the superintendent, fiscal services manager, and business manager will manage and monitor each project, program, function or activity supported by the award.
2. Performance reports shall be submitted in accordance with the rules and regulations of each award received.
3. The final performance reports will be processed and sent to the awarding agency no later than 90 calendar days after the expiration or termination of the award or no later than the specified date designated by the rules of each award given.

P. CONSEQUENCES OF COMPLIANCE FAILURES

1. All employees are instructed to follow the procedures that have been put in place to monitor all financial and accounting activities in the district.
2. Any employee who does not follow the procedures as instructed will be disciplined in a progressive manner.

Q. WHISTLEBLOWER PROCEDURES

1. It is the practice of the district to abide by all applicable federal, state, and local laws, rules, and regulations and to have all of its employees do the same. Every employee has the responsibility to assist in implementing this practice. Each employee should seek to resolve any problem within the district channels before reporting it to any outside person or entity.
2. Usually a violation of this practice should be reported to an employee's immediate supervisor in writing and signed by the employee. If this is not practical, or if the action is taken but does not correct the perceived violations, a written statement, signed and dated, should be made by the employee to the Superintendent of Instructional Services and Accountability with the specific information that the employee knows, so that an investigation may be undertaken. All allegations will be investigated in a timely and confidential manner. It will be the responsibility of the Superintendent for Instructional Services and Accountability to keep the superintendent of Burr Oak Community Schools informed about complaints and the progress made in investigating and resolving them. There will be no retaliation by the district or any of its employees against any employee who makes a good faith report pursuant to this procedure; even if an investigation shows that there has not been a violation.
3. It is the responsibility of the district to correct or prevent such violations. This is a legal obligation as well as a practical necessity. A violation can taint the credibility of the entire district and cause the district and its employees to be subjected to adverse publicity, and distrust by the public and the government.

R. SANCTIONS:

Any district employee who violates this procedure will be subject to appropriate discipline as reflected by comments to be placed in their annual employee evaluation.

S. DEFINITIONS:

1. Allowable cost---A cost that complies with all legal requirements that apply to a particular Federal education program including statutes, regulations, guidance, applications and approved grant awards. A framework for determining whether a cost is allowable is included in Section 1.3 of these procedures.
2. UGG is accessible at:
http://www.michigan.gov/mde/0,4615,7-140-6530_30334_51051-348093--,00.html
3. Education Department General Administrative Regulations (EDGAR)---A compilation of regulations that apply to federal education programs. These regulations contain important rules governing the administration of federal education programs, and include rules affecting the allowable use of federal funds (including rules regarding permissible costs, the period of availability of federal awards, documentation requirements, and grants management requirements).
4. EDGAR is accessible at:
<http://www2.ed.gov/policy/fund/reg/edgarReg/edgar.html>.
5. 2CFR Part 225 also known as OMB Circular A-87---Federal cost principles that provide standards for determining whether costs may be charged to federal grants. EDGAR requires all grantees and subgrantees to follow the cost principles set out in OMB Circular A-87 at:
<http://ecfr.gpoaccess.gov/cgi/t/text/textidx?c=ecfr&tpl=%2Findex.tpl>
6. Equipment---Tangible, non-expendable assets acquired through donation, gift, purchase, loan, capital lease, or self-construction, with a life expectancy of more than one year and a cost of \$5,000 or more. Cost is defined as unit price including calibration, installation, freight, and trade-in. Equipment is free standing (complete in itself, does not lose its identity when affixed to or installed in other property).
7. Capital Asset---A long-term asset that is not bought or sold in the regular course of business. Examples include land, buildings, machinery, etc. Generally, these are assets that cannot be turned into cash quickly.

8. **Cost Objective:** A particular grant award or other category of costs used to track specific cost information (e.g. earmarks or set-asides that require Burr Oak Community Schools to track expenditure information to ensure it spends a specific amount for a specific purpose).
9. **Employee Compensation:** All amounts paid to an employee for services rendered during the award period. Compensation includes salaries, fringe benefits, stipends, bonuses and payments made under supplemental contracts.
10. **Multiple Cost Objectives Employees:** Employees who work on multiple cost objectives such as:
 - * More than one federal award;
 - * A Federal award and a non-federal award;
 - * More than one activity within a federal award that is separately tracked by Burr Oak Community Schools (such as set-asides, earmarks or match/in-kind contributions).
11. **2CFR, Part 225:** Federal cost principles that provide standards for determining whether costs may be charged to federal grants.
12. **Personnel Activity Report (PAR):** A document certifying the amount of time a multiple cost objective employee spends on each cost objective. The PAR must reflect an after-the-fact distribution of the activities performed; account for the total activity for which the employee is compensated; be prepared at least monthly and coincide with one or more pay periods; and be signed by the employee. A template PAR is attached to these procedures.
13. **Semi-Annual Certification:** A document certifying a single cost objective employee worked solely on one cost objective. The certification must be prepared at least every six months and must be signed by the supervisory official having first-hand knowledge of the work performed by the employee. A template semi-annual certification is attached to these procedures.
14. **Single Cost Objective Employees:** Employees who work exclusively on one cost objective.
15. **Covered Transaction:** A transaction to which the federal suspension and debarment rules apply.
16. **Debarment:** An action taken by an authorized federal official in accordance with federal requirements to exclude a person or entity from participating in a covered transaction.
17. **Excluded:** A person or entity who is prohibited from participating in a covered transaction because they have been suspended, debarred, proposed for debarment or have volunteered to be excluded.
18. **Excluded Parties List System (EPLS):** A database of excluded parties maintained by the federal government and available at: <https://www.epls.gov>.
19. **Suspension:** An action taken by an authorized federal official in accordance with federal requirements to exclude a person or entity from participating in a covered transaction for a specified period of time.

