



Van Buren County Schools

POLICIES AND PROCEDURES

Administration of Federal Education
Programs Aligned with the Requirements
of the
Uniform Grants Guidance

January 2023

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Introduction

This manual sets forth the policies and procedures used by the District to administer federal funds. The manual contains the internal controls and grant management standards used by Van Buren County Schools to ensure that all federal funds are lawfully expended. It describes in detail the District's financial management system, including: cash management procedures, procurement policies; inventory management protocols; procedures for determining the allowability of expenditures; time and effort reporting; record retention; and sub-recipient monitoring responsibilities.

New employees of the District, as well as incumbent employees, are expected to review this manual to gain familiarity and understanding of the District's procedures. If you have any questions regarding the administration of federal education grants, including questions related to specific federal grant programs, please contact the district point of contact as well as the applicable program office at the Tennessee Department of Education (TDOE).

Fraud, Waste, and Abuse

To ensure the public receives the most value, the District strives to ensure its administrative management of public, state, and federal funds is as effective and efficient as possible, with a high standard of accountability to prevent fraud, waste and abuse. All trustees, employees, vendors, contractors, consultants, volunteers, and any other parties who are involved in the District's financial transactions shall act with integrity and diligence in duties involving the District's financial resources.

The District prohibits fraud and financial impropriety, as defined below, in the actions of its trustees, employees, vendors, contractors, consultants, volunteers and others seeking or maintaining a business relationship with the District.

Fraud and financial impropriety includes, but is not limited to:

- Forgery or unauthorized alteration of any document or account belonging to the

District;

- Forgery or unauthorized alteration of a check, bank draft, or any other financial document;
- Misappropriation of funds, securities, supplies, or other District assets, including employee time;
- Impropriety in the handling of money or reporting of District financial transactions;
- Profiteering as a result of insider knowledge of District information or activities;
- Unauthorized disclosure of confidential or proprietary information to outside parties;
- Unauthorized disclosure of investment activities engaged in or contemplated by the District;
- Accepting or seeking anything of material value from contractors, vendors, or other persons providing services or materials to the District;
- Destroying, removing, or inappropriately using records, furniture, fixtures, or equipment;
- Failure to disclose conflicts of interest as required by policy; and
- Any other dishonest act regarding the finances of the District.

Any person who suspects fraud or financial impropriety shall report the suspicions immediately to any supervisor, the Superintendent of Schools or designee, a Board Chairperson, or local law enforcement.

Authorized Official

The person signing/certifying the application must be an authorized official of the District (usually the Superintendent/Director of Schools) who will represent the District in the event of a legal dispute. By signing/certifying the application, the authorized official is certifying that he or she will comply with the terms and conditions of the grant, all applicable provisions and assurances, and the approved application.

District program staff, fiscal staff, and management are responsible for knowing all requirements and for complying with them. It is the policy of the District that the grant program described in the application is carried out in compliance with applicable statutes, regulations, rules, and guidelines, and in accordance with the approved application to achieve maximum efficiency and effectiveness with the goal of providing an integrated, coordinated delivery of services for students. Grant funds will be obligated, expended,

and accounted for in an environment based on ethical principles and sound business practices.

The District Program Director assigned to the grant program is responsible and held accountable for knowing the program requirements, fiscal requirements, and reporting requirements. In addition to the policies and procedures outlined in this manual, the program manager may be required to develop additional policies and procedures in order to comply with the specific requirements that may apply to a particular grant program. Any such additional policies and procedures must be used in conjunction with the policies and procedures outlined in this manual.

TDOE monitors federal grants for compliance with fiscal and program requirements. In addition, the District's independent auditor is required to determine compliance with certain requirements during the annual independent audit. Failure to comply with applicable statutes, regulations, rules, and guidelines or to implement the grant program in accordance with the approved application could result in the District being identified as a high-risk grantee and having corrective actions or additional sanctions imposed by TDOE or other awarding agency; the repayment of federal dollars as a result of monitoring or audit findings; or termination of the grant.

Other Federal Grants

The assigned program manager is responsible for monitoring grant opportunities that may be available from agencies other than TDOE. Approval from the Director of Schools to pursue the grant opportunity must be obtained in advance of completing and submitting the application. An authorized official of the District (as previously described) must sign/certify the application prior to submittal. Opportunities for federal grants available directly from the USDE or from another federal awarding agency are published at www.grants.gov.

Financial Management System

The District maintains a proper financial management system in order to receive both direct and state-administered grants and to expend funds associated with a grant award in a compliant manner. Certain fiscal controls and procedures are in place to ensure that all financial management system requirements are met. Failure to meet a requirement could result in the reversion of funds or termination of the grant award(s).

Financial Management Standards

The standards for financial management systems are found at 2 C.F.R. § 200.302. The required standards include:

Identification

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

The District identifies each federal program by project code within a separate federal or state program fund. Fund 142 is for federal programs and 145 is for state programs.

<https://comptroller.tn.gov/office-functions/la/resources/manuals.html>

Financial Reporting

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

All GAAP guidelines are followed. In addition to reporting in ePlan, the results are provided monthly to our school board and discussed with the school board at monthly meetings.

[*Board Policy 2.701 Financial Records and Reports Policy*](#)

Accounting Records

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

[*Board Policy 2.500 Source of Funds*](#)

[*Board Policy 2.800 Expenditure of Funds*](#)

The CFO (or other responsible party such as the Federal Programs department or County Finance) requests reimbursements through the ePlan system based on monthly expenditures. The amount of the request and proper revenue coding is then emailed to Trustee Office. Upon receipt of this amount, the Trustee codes to the proper revenue code and a receipt is delivered to the Board of Education. The receipt is then compared to the reimbursement requests and revenue coding is checked before the cash receipt is entered into the accounting program.

[*Board Policy 2.808 Purchase Orders and Contracts*](#)

The CFO (or other responsible party, such as the Federal Programs department or County Finance) sends monthly expenditure reports to supervisors showing the current budget, year-to-date expenditures, encumbrances and year-to-date unobligated balances.

The District keeps separate records for each grant period. The District keeps electronic records in ePlan and, LGC Nexgen, as well as some paper back-up documentation.

Internal Controls

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

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

- Effectiveness and efficiency of operations;
- Adequate safeguarding of property;
- Assurance property and money is spent in accordance with grant program and to further the selected objectives; and
- Compliance with applicable laws and regulations.

The District adheres to the internal controls inherent within the accounting procedures as established by the State of Tennessee for all school districts. The District adheres to the Internal Control and Compliance Manual for Tennessee. The District follows GASB and FASB regulations relative to accounting processes and reporting. The Board supports the establishment and effectiveness of district internal controls as indicated in board policy 2.100 - through established efficient procedures for accounting, reporting, purchasing and delivery, payroll, payment of vendors and contractors, and all other areas of fiscal management.

[Board Policy 2.100 \(Fiscal Management Goals\)](#)

[Purchasing and Procurement Process](#)

Budget Control

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

The CFO compares the budget in the general accounting software to the approved budget in ePlan reporting system at least on a quarterly basis. On a monthly basis, program supervisors analyze year-to-date expenditures and encumbrances of the budget. Program supervisors submit budget amendments when needed.

[Board Policy 2.800 Expenditure of Funds](#)

Cash Management

The District must maintain written procedures to implement the cash management requirements found in EDGAR. The District's federal grants are reimbursable grants. Requisitions, followed by encumbering of dollars, followed by payment of the invoice must be done prior to requesting reimbursement for grant expenditures. No district fund may be in the negative. The District continually monitors the activity within programs to assure positive cash flow.

Allowable Costs

The District will maintain written procedures for determining the allowability of costs in accordance with EDGAR. All requisitions must be approved by the Program Supervisors. Unallowable requests for purchases are not approved.

The following is considered for a cost to be allowable under federal awards

- Necessary and reasonable for proper performance and administration of the project.
- Does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the same time the decision was made to incur the cost.
- Market prices of comparable goods and services
- Adequate documentation
- Benefit the federal program
- Charged in accordance with the benefit received
- Authorized under state and local laws or regulations
- Aligned with the district plan and the respective schools' plans
- Help raise student achievement

A. Overview of the Financial Management/Accounting System

The District contracts with *Local Government Cooperation*, to provide an accounting software that meets state and federal requirements. The software has modules in asset management, payroll, purchasing, and general ledger.

Budgets are printed from ePlan and entered directly into the accounting software. Copies of the ePlan budget are compared to those entered into the local accounting system and placed into a notebook along with any amendments during the fiscal year

The CFO is responsible for managing all budgets, budget changes or revisions, budget amendments and accounts payable. All federal programs are accounted for in fund 142. Within fund 142 each federal program has a separate sub-fund number. All federal expenditures are funded using a fund number and sub-fund number. In addition, each federal program has a unique federal revenue code. See the following as examples:

Title I: 142-101

Title I, C 142-131

Title I Delinquent 142-161
Title I Neglected 142-121
Title II: 142-201
Title III: 142-301
Title IV: 142-401
Title V: 142-501
Title IX McKinney-Vento 142-701
IDEA: 142-611
IDEA Preschool: 142-619
IDEA Discretionary: 142-890-899
ESSER 1.0: 142-930
ESSER 2.0: 142-932
ESSER 3.0: 142-933
ARP Homeless 1.0: 142-702
ARP Homeless 2.0: 142-703

The CFO compares the budget in the general accounting software to the approved budget in the ePlan reporting system on a quarterly basis. On a monthly basis, the Director of Schools analyzes year-to-date expenditures and encumbrances as a percentage of the budget. Reports are submitted to Federal Programs Supervisor to analyze expenditures and recognize when budget amendments are needed. The CFO, at the end of the fiscal year, submits a final expenditure report through ePlan showing allowable carryover or release of funds.

B. Budgeting

The Planning Phase: Meetings and Discussions

Before Receiving the Grant Award Letter:

The District bases early decisions for the budget on the prior year's award, and adjustments are made once the grant award letter is received and funds are determined. The district, as well as the individual schools, complete an annual needs assessment each fall in ePlan.

Before budget requests for new resources are considered, current and existing resources are reviewed to determine the specific needs for the upcoming fiscal year. The CFO and payroll provides personnel and amending benefits information to the Program Supervisors. All federal budgets are planned, discussed and reviewed in order to meet program objectives, assign responsibilities, and implement any changes to meet special conditions that may be listed as part of the grant. After all grants are officially approved by the local board of

education and the TDOE, they are provided to the CFO to enter into the accounting software.

[Board Policy 2.200 \(Annual Operating Budget\)](#)

After Receiving the Grant Award Letter:

After receiving the grant award letter and verification of the correct previous year's carryover, additional discussions take place. If the final allocation has been adjusted to a lower amount than the preliminary budget, then reviews by programs supervisors review differences and adjust budgets accordingly with assistance from a TDOE consultant, if needed. Significant differences result in meeting with the leadership team to determine the best ways to address needs. The revised budget is then resubmitted to the CFO, the Director of Schools and TDOE.

After Receiving the Grant Award Letter

Upon receipt of the grant award letter, the District will meet with the appropriate district stakeholders to discuss adjustments that need to occur. If the amount is changed (increased or decreased), then a meeting is held to determine the best use of the funds awarded.

Amending the Budget

The program Supervisors monitor program goals to determine if adjustments of available funds are needed. If adjustments are needed, the program supervisors, program bookkeepers and CFO are involved in the amendment process. The Program Supervisors consult with schools regarding changes. The agreed-upon revisions are submitted in ePlan. The Completed drafts submitted to the CFO and the TDOE for approval. After the final approval, the CFO enters the new budget as an amendment into the local accounting software to reflect on the monthly reports to continue accurate monitoring of the funds.

[Board Policy 2.800 Expenditure of Funds](#)

Budget Control

The District monitors its financial performance by comparing and analyzing actual results with budgeted results. Expenditure reports are run monthly to compare the budget with actual expenditures.

[Board Policy 2.800 Expenditure of Funds](#)

Accounting Records

[Board Policy 2.700 Accounting System](#)

[Board Policy 2.701 Financial Reports and Records](#)

[Board Policy 2.702 Inventories](#)

[Board Policy 2.800 Expenditure of Funds](#)

[Tennessee Comptroller County Uniform Chart of Accounts](#)

Copies of monthly expenditure reports and all accounts payables are kept in the CFO's office. Records are retained in compliance with the Internal and Compliance Manual. Journal entries are made within the accounting system and are approved within the software. All transactions are reconciled with the bank statement monthly by and signed off on by the Financial Officer and Director of Schools. These statements are kept in a binder in the CFO's office. The district follows the State of Tennessee Uniform Chart of Accounts, as provided in the state's Standardized System of Accounting and Reporting Manual. The district follows the guidelines of the State Comptroller's Office with defining what constitutes an asset, liability, revenue, or expenditure.

Spending Grant Funds

Allowable Cost Principles serve as a reminder of the criteria which must be considered prior to using federal funds to make a purchase. Also, ESEA Guidance is referenced for appropriate expenditures as well as ePlan's Guidance and Information documents. Supervisors attend annual federal conferences and regional training where resources are shared and guidance on the allowable and appropriate classification of expenditures are

provided. In addition, TDOE consultants and support are often utilized to ensure compliance.

The following federal cost principles are considered for a cost to be allowable under federal awards.

- Necessary and reasonable for proper performance and administration of the project.
- 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.
- Market prices of comparable goods and services
- Adequate documentation
- Benefits the federal programs
- Charged in accordance with the benefits received
- Authorized under state and local laws or regulations
- Aligned with the district plan and the respective schools plan
- Helps raise student achievement

While developing and reviewing the grant budget, the district is cognizant of the difference between direct and indirect costs.

Direct and Indirect Costs Defined

Determining Whether a Cost is Direct or Indirect: Direct costs are those costs that can be identified specifically with a particular final cost objective, such as a federal award, or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy. 2 C.F.R. §200.413(a). Indirect costs are those that have been incurred for a common or joint purpose benefitting more than one cost objective, and not readily assignable to the cost objectives specifically benefited, without effort disproportionate to the results achieved. 2 C.F.R. § 200.56. Costs incurred for the same purpose in like circumstances must be treated consistently as either direct or indirect costs. 2 C.F.R. § 200.413(a).

Identification with the federal award rather than the nature of the goods and services involved is the determining factor in distinguishing direct from indirect costs of Federal awards. Typical costs charged directly to a Federal award are the compensation of employees who work on that award, their related fringe benefit costs, the costs of materials and other items of expense incurred for the Federal award. 2 C.F.R. § 200.413(b). The salaries of administrative and clerical staff should normally be treated as indirect costs.

Direct charging of these costs may be appropriate only if all of the following conditions are met:

- Administrative or clerical services are integral to a project or activity;
- Individuals involved can be specifically identified with the project or activity;
- Such costs are explicitly included in the budget or have the prior written approval of the federal awarding agency; and
- The costs are not also recovered as indirect costs. 2 C.F.R. § 200.413(c).

Indirect Cost Rate: TDOE provides the district with an indirect cost rate each fiscal year. The district exercises the rate without negotiation. There are unrestricted and restricted indirect cost rates provided annually.

Applying the Indirect Cost Rate: Once the district has an approved indirect cost rate, the percentage is multiplied against the actual direct costs (excluding distorting items such as equipment, contracts in excess of \$25,000, pass-through funds, etc.) incurred under a particular grant to produce the dollar amount of indirect costs allowable to that award. 34 C.F.R. § 75.564; 34 C.F.R. § 76.569. Once the District applies the approved rate, the funds that may be claimed for indirect costs have no federal accountability and may be used as if they were non-federal funds. For direct grants, reimbursement of indirect costs is subject to the availability of funds and statutory or administrative restrictions. 34 C.F.R. § 75.564.

Where a federal program has a specific cap on the percentage of administrative costs that may be charged to a grant, that cap must include all direct administrative charges as well as any recovered indirect charges.

Determining Allowability of Costs

Expenditures must be aligned with approved budgeted items. Any changes or variations from the state-approved budget and grant application need prior approval from the state.

When determining how the District will spend its grant funds, The District will review the proposed cost to determine whether it is an allowable use of federal grant funds *before* obligating and spending those funds on the proposed good or service. All costs supported by federal education funds must meet the standards outlined in EDGAR, 2 C.F.R. § 200.403, which are provided in the bulleted list below. The District must consider these factors when

making an allowability determination:

- Be necessary and reasonable for the performance of the federal award. District staff must consider these elements when determining the reasonableness of a cost. A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision to incur the cost was made. For example, reasonable means that sound business practices were followed, and purchases were comparable to market prices.
- When determining reasonableness of a cost, consideration must be given to:
 - Whether the cost is a type generally recognized as ordinary and necessary for the operation of the District or the proper and efficient performance of the federal award.
 - The restraints or requirements imposed by factors, such as: sound business practices; arm's-length bargaining; federal, state and other laws and regulations; and terms and conditions of the federal award.
 - Market prices for comparable goods or services for the geographic area.
 - Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the District, its employees, its students, the public at large, and the federal government.
 - Whether the district significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the federal award's cost. 2 C.F.R. §200.404
- While 2 C.F.R. §200.404 does not provide specific descriptions of what satisfies the "necessary" element beyond its inclusion in the reasonableness analysis above, necessary is 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 district may deem language skills software 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 grant program.
 - Whether the cost is identified in the approved budget or application.
 - Whether there is an educational benefit associated with the cost.
 - Whether the cost aligns with identified needs based on results and findings from a needs assessment.

- Whether the cost addresses program goals and objectives and is based on program data.
- **Allocable to the federal award.** A cost is allocable to the federal award if the goods or services involved are chargeable or assignable to the federal award in accordance with the relative benefit received. This means that the federal grant program derived a benefit in proportion to the funds charged to the program. 2 C.F.R. §200.405. For example, if 50% of a teacher's salary is paid with grant funds, then that teacher must spend at least 50% of his or her time on the grant program.
- **Consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the District.**
- **Conform to any limitations or exclusions set forth as cost principles in Part 200 or in the terms and conditions of the federal award.**
- **Consistent treatment.** A cost cannot be assigned to a federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been assigned as an indirect cost under another award.
- **Adequately documented.** All expenditures must be properly documented.
- **Be determined in accordance with generally accepted accounting principles (GAAP), unless provided otherwise in Part 200.**
- **Not included as a match or cost-share, unless the specific federal program authorizes federal costs to be treated as such.** Some federal program statutes require the non-federal entity to contribute a certain amount of non-federal resources to be eligible for the federal program.
- **Be the net of all applicable credits.** The term "applicable credits" refers to those receipts or reduction of expenditures that operate to offset or reduce expense items allocable to the federal award. Typical examples of such transactions are: purchase discounts; rebates or allowances; recoveries or indemnities on losses; and adjustments of overpayments or erroneous charges. To the extent that such credits accruing to or received by the state relate to the federal award, they shall be credited to the federal award, either as a cost reduction or a cash refund, as appropriate. 2 C.F.R. §200.406.
- **All financial records and programmatic records, supporting documents, statistical and other records.** A cost may not be assigned to a federal award as direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the federal award as indirect cost. 2 C.F.R. §200.404 (a)

Part 200's cost guidelines must be considered when federal grant funds are expended. As provided above, federal rules require state- and District-level requirements and policies regarding expenditures to be followed as well. For example, state and/or District policies relating to travel or equipment may be narrower than the federal rules, and the stricter State and/or District policies must be followed. Further, certain types of incentives are allowable under federal law, but are not allowable under State law.

Selected Items of Cost

Part 200 examines the allowability of 55 specific cost items (commonly referred to as Selected Items of Cost) at 2 C.F.R. §§ 200.420-200.475. These cost items are listed in the chart below along with the citation where it is discussed whether the item is allowable. Please do not assume that an item is allowable because it is specifically listed in the regulation as it may be unallowable despite its inclusion in the selected items of cost section. The expenditure may be unallowable for a number of reasons, including: the express language of the regulation states the item is unallowable; the terms and conditions of the grant deem the item unallowable; or State/local restrictions dictate that the item is unallowable. The item may also be unallowable because it does not meet one of the cost principles, such as being reasonable because it is considered too expensive. If an item is unallowable for any of these reasons, federal funds cannot be used to purchase it.

District personnel responsible for spending federal grant funds and for determining allowability must be familiar with the Part 200 selected items of the cost section. The District must follow these rules when charging these specific expenditures to a federal grant. When applicable, District staff must check costs against the selected items of cost requirements to ensure the cost is allowable. In addition, State, District and program-specific rules may deem a cost as unallowable and District personnel must follow those non-federal rules as well.

For a detailed explanation of each item of cost, see www.gpo.gov

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 C.F.R. § 200.421

Advisory councils	2 C.F.R. § 200.422
Alcoholic beverages	2 C.F.R. § 200.423
Alumni/ae activities	2 C.F.R. § 200.424
Audit services	2 C.F.R. § 200.425
Bad debts	2 C.F.R. § 200.426
Bonding costs	2 C.F.R. § 200.427
Collection of improper payments	2 C.F.R. § 200.428
Commencement and convocation costs	2 C.F.R. § 200.429
Compensation – personal services	2 C.F.R. § 200.430
Compensation – fringe benefits	2 C.F.R. § 200.431
Conferences	2 C.F.R. § 200.432
Contingency provisions	2 C.F.R. § 200.433
Contributions and donations	2 C.F.R. § 200.434
Defense and prosecution of criminal and civil proceedings, claims, appeals and patent infringements	2 C.F.R. § 200.435
Depreciation	2 C.F.R. § 200.436
Employee health and welfare costs	2 C.F.R. § 200.437
Entertainment costs	2 C.F.R. § 200.438
Equipment and other capital expenditures	2 C.F.R. § 200.439
Exchange rates	2 C.F.R. § 200.440
Fines, penalties, damages and other settlements	2 C.F.R. § 200.441
Fundraising and investment management costs	2 C.F.R. § 200.442
Gains and losses on disposition of depreciable assets	2 C.F.R. § 200.443
General costs of government	2 C.F.R. § 200.444
Goods and services for personal use	2 C.F.R. § 200.445
Idle facilities and idle capacity	2 C.F.R. § 200.446
Insurance and indemnification	2 C.F.R. § 200.447
Intellectual property	2 C.F.R. § 200.448
Interest	2 C.F.R. § 200.449
Lobbying	2 C.F.R. § 200.450
Losses on other awards or contracts	2 C.F.R. § 200.451
Maintenance and repair costs	2 C.F.R. § 200.452
Materials and supplies costs, including costs of computing devices	2 C.F.R. § 200.453

Memberships, subscriptions, and professional activity costs	2 C.F.R. § 200.454
Organization costs	2 C.F.R. § 200.455
Participant support costs	2 C.F.R. § 200.456
Plant and security costs	2 C.F.R. § 200.457
Pre-award costs	2 C.F.R. § 200.458
Professional services costs	2 C.F.R. § 200.459
Proposal costs	2 C.F.R. § 200.460
Publication and printing costs	2 C.F.R. § 200.461
Rearrangement and reconversion costs	2 C.F.R. § 200.462
Recruiting costs	2 C.F.R. § 200.463
Relocation costs of employees	2 C.F.R. § 200.464
Rental costs of real property and equipment	2 C.F.R. § 200.465
Scholarships and student aid costs	2 C.F.R. § 200.466
Selling and marketing costs	2 C.F.R. § 200.467
Specialized service facilities	2 C.F.R. § 200.468
Student activity costs	2 C.F.R. § 200.469
Taxes (including Value Added Tax)	2 C.F.R. § 200.470
Telecommunication costs and video surveillance costs	2 C.F.R. § 200.471
Termination costs	2 C.F.R. § 200.472
Training and education costs	2 C.F.R. § 200.473
Transportation costs	2 C.F.R. § 200.474
Travel costs	2 C.F.R. § 200.475
Trustees	2 C.F.R. § 200.476

Likewise, it is possible for the State and/or District to put additional requirements on a specific item of cost. Under such circumstances, the stricter requirements must be met for a cost to be allowable. Accordingly, employees must consult federal, State and District requirements when spending federal funds. For example, often the State's travel rules are more restrictive than federal rules, which means the State's policies must be followed.

In order for a cost to be allowable, the expenditure must also be allowable under the applicable program statute (e.g., Title I of the Elementary and Secondary Education Act (ESEA), or the Carl D. Perkins Career and Technical Education Act (Perkins)), along with accompanying program regulations, non-regulatory guidance and grant award notifications.

The state and/or District rules related to some specific cost items are discussed below.

District employees must be aware of these State and District rules and ensure they are complying with these requirements.

[Board Policy 2.600 \(Bonded Employees\)](#)

[Board Policy 5.110 \(Compensation Guides And Contracts\)](#)

[Board Policy 2.401 \(Gifts and Bequests\)](#)

[Board Policy 3.600 \(Insurance Management\)](#)

[Board Policy 6.709 \(Student Fees and Fines\)](#)

[Board Policy 2.402 \(Investment Earnings\)](#)

[Board Policy 2.703 \(Audits\)](#)

[Board Policy 2.800](#)

[Board Policy 2.804 \(Expenses and Reimbursements\)](#)

[Board Policy 2.805](#)

[Board Policy 2.807](#)

Frequent Types of Costs

Travel: Travel costs are the expenses for transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of a grant recipient. Such costs may be charged on an actual cost basis, on a per diem or mileage basis in lieu of actual costs incurred, or on a combination of the two, provided the method used is applied to an entire trip and not selected days of the trip, and results in charges consistent with those normally allowed in like circumstances in the recipient's non-federally funded activities and in accordance with the recipient's written travel reimbursement policies. 2 C.F.R §200.475.

Costs incurred by employees and officers for travel, including costs of lodging, other subsistence, 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 as the result of its written travel policy. In addition, if these costs are charged directly to the federal award, documentation must be maintained that justifies that (1) participation of the individual is necessary to the federal award; and (2) the costs are reasonable and consistent with the District's established policy. 2 C.F.R §200.475.

[Board Policy 2.804 \(Expenses and Reimbursements\)](#)

[Insert Local Travel Procedures](#)

Helpful Questions for Determining Whether a Cost is Allowable

In addition to the cost principles and standards described above, Van Buren County Schools can refer to this section for a useful framework when performing an allowability analysis. In order to determine whether federal funds may be used to purchase a specific cost, it is helpful to ask the following questions:

- Is the proposed cost allowable under the relevant program?

- Is the proposed cost consistent with an approved program plan and budget?
- Is the proposed cost consistent with program-specific fiscal rules?
- For example, the District may be required to use federal funds only to supplement the amount of funds available from nonfederal (and possibly other federal) sources.
- Is the proposed cost consistent with EDGAR?
- Is the proposed cost consistent with specific conditions imposed on the grant (if applicable)?

As a practical matter, the school district should also consider whether the proposed cost is consistent with the underlying needs of the program. For example, program funds must benefit the appropriate population of students for which they are allocated. This means that, for instance, funds allocated under Title III of the Elementary and Secondary Education Act (ESEA) governing language instruction programs for limited English proficient (LEP) students must only be spent on LEP students and cannot be used to benefit non-LEP students.

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

Federal Cash Management Policy/Procedures

The District will comply with applicable methods and procedures for payment that minimize the time elapsing between the transfer of funds and disbursement by the District, in accordance with the Cash Management Improvement Act at 31 C.F.R. Part 205. Generally, the District receives payment from the TDOE on a reimbursement basis. 2 C.F.R. § 200.305. However, if the District receives an advance in federal grant funds, the District will remit interest earned on the advanced payment quarterly to the federal agency. The District may retain interest amounts up to \$500 per year for administrative expenses. 2 C.F.R. § 200.305(b)(9).

According to guidance from the U.S. Department of Education (ED), when calculating the interest earned on ED grant funds, in any situation where the State draws from the G5

system in advance of the District using non-federal funds to pay vendors and/or employees, the only events and dates that are relevant are: 1) the date on which the federal grant funds are drawn down by the State; and 2) the date on which those funds are disbursed by the District. Any interest earned on those funds while on deposit in the District's bank account after drawdown and before disbursement must be included in the interest earned calculation.

Payment Methods

Reimbursements: All reimbursements are based on actual disbursements, not on obligations. The District may initially charge federal grant expenditures to non-federal funds.

Fiscal Financial Officer will request reimbursement for actual expenditures incurred under the federal grants monthly. Reimbursement requests will be submitted via ePlan. All reimbursements are based on actual disbursements, not on obligations.

Fiscal Financial Officer will request funds without prior approval since all spent funds go through a thorough process BEFORE being spent. Program Supervisors will review reports frequently to ensure the spending/requests are accurate.

Consistent with state and federal requirements, The District will maintain source documentation supporting the federal expenditures such as invoices, time sheets, payroll stubs, etc., and will make such documentation available for the TDOE review upon request. Reimbursement requests do not need approval prior to submission in ePlan, however, all requests need to have documentation listed above as backup to the request and coded to the appropriate approved budget line items. Reimbursements cannot be made for any amounts over 10% of an approved budget line item.

Reimbursements of actual expenditures do not require interest calculations.

Advances:

The District does not receive advances.

To the extent the District receives advance payments of federal grant funds, the District will strive to expend the federal funds on allowable expenditures within 72 hours of receipt. The District will hold federal advance payments in interest-bearing accounts, unless an allowable exception applies. The District will calculate interest earned on cash balances after 72 hours

of receipt of advance payments.

Timely Obligation of Funds

When Obligations Are Made

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

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

If the obligation is for:	The obligation is made:
Acquisition of property	On the date which the District makes a binding written commitment to acquire the property
Personal services by an employee of the District	When the services are performed
Personal services by a contractor who is not an employee of the District	On the date 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 is taken
Rental of property	When the District uses the property
A pre-agreement cost that was properly approved by the Secretary under the cost principles in 2 C.F.R. part 200, Subpart E- Cost Principles.	On the first day of the project period.

34 C.F.R. §75.707; 34 C.F.R. §76.707.

Period of Availability of Federal Funds

All obligations must occur on or between the beginning and ending dates of the grant project. 34 C.F.R. §76.707. This period of time is known as the period of availability. The period of availability is dictated by statute and will be indicated in the grant award letter. Further, certain grants have specific requirements for carryover funds that must be adhered to.

State-Administered Grants: As a general rule, state-administered federal funds are available for obligation within the year that Congress appropriates the funds for. However, given the unique nature of educational institutions, for many federal education grants, the period of availability is 27 months. Federal education grant funds are typically awarded on July 1 of each year. While the District will always plan to spend all current grant funds within the year

the grant was appropriated for, the period of obligation for any grant that is covered by the “Tydings Amendment” is 27 months, extending from July 1 of the fiscal year for which the funds were appropriated through September 30 of the second following fiscal year. This maximum period includes a 15-month period of initial availability, plus a 12-month period for carryover. 34 C.F.R. § 76.709. For example, funds awarded on July 1, 2022 would remain available for obligation through September 30, 2024.

Direct Grants: In general, the period of availability for funds authorized under direct grants is identified in the grant award letter.

For both state-administered and direct grants, regardless of the period of availability, the District must liquidate all obligations incurred under the award not later than 90 days after the end of the funding period unless an extension is authorized. 2 C.F.R. § 200.344(b). Any funds not obligated within the period of availability or liquidated within the appropriate time frame are said to lapse and must be returned to the awarding agency. 2 C.F.R. § 200.344(d). Consequently, the District closely monitors grant spending throughout the grant cycle.

Carryover

State-Administered Grants: As described above, the Tydings Amendment extends the period of availability for applicable state-administered program funds. Essentially, it permits recipients to “carry over” any funds left over at the end of the initial 15 month period into the next year. These leftover funds are typically referred to as carryover funds and continue to be available for obligation for an additional 12 months. 34 C.F.R. § 76.709. Accordingly, the District may have multiple years of grant funds available under the same program at the same time.

The district Final Expenditure Report (FER) is reconciled and submitted to TDOE via ePlan. Any carryover funds are automatically transferred to the current grant application to be budgeted prior to expending. For programs with carryover limitations (i.e. ESEA Title I, Title III) a carryover waiver request letter will be submitted to TDOE when the carryover exceeds the cap.

New budgets with carryover amounts are submitted in ePlan for state approval. After the new

budget is approved it is loaded in the district finance software for proper tracking or expenditures and reimbursement requests.

Direct Grants: Grantees receiving direct federal grants are not covered by the 12 month Tydings period, i.e. ESEA-Title VI, SRSA. However, under 2 C.F.R. § 200.308, direct grantees enjoy unique authority to expand the period of availability of federal funds. The District is authorized to extend a direct grant automatically for one 12-month period. Prior approval is not required in these circumstances; however, in order to obtain this extension, the District must provide written notice to the federal awarding agency at least 10 calendar days before the end of the period of performance specified in the award. This one-time extension may not be exercised merely for the purpose of using unobligated balances.

The District will seek prior approval from the federal agency when the extension will not be contrary to federal statute, regulation or grant conditions and: the terms and conditions of the Federal award prohibit the extension;

- The extension requires additional Federal funds; or
- The extension involves any change in the approved objectives or scope of the project. 2 C.F.R. § 200.308(d).

The District will provide written notice to the federal awarding agency at least 10 calendar days before the end of the period of performance specified in the award period. Fiscal Financial Officer (Director of Schools, Assistant Director of Schools, and Finance Director) will make this decision, with the (Director of Schools) making the final approval. Specific details per the awarding agency will be provided in a written notice from the Director of Schools.

Program Income

Definition

Program income means gross income earned by a grant recipient that is directly generated by a supported activity or earned as a result of the federal award during the grant's period of performance. 2 C.F.R. § 200.80.

Program income includes, but is not limited to, income from fees for services performed, the use or rental of real or personal property acquired under federal awards, the sale of commodities or items fabricated under a federal award, license fees and royalties on patents and copyrights, and principal and interest on loans made with federal award funds. Interest earned on advances of federal funds is not program income. Except as otherwise provided in federal statutes, regulations, or the terms and conditions of the federal award, program income does not include rebates, credits, discounts, and interest earned on any of them. 2 C.F.R. § 200.80. Additionally, taxes, special assessments, levies, fines, and other such revenues raised by a recipient are not program income unless the revenues are specifically identified in the federal award or federal awarding agency regulations as program income. Finally, proceeds from the sale of real property, equipment, or supplies are not program income. 2 C.F.R. § 200.307.

Use of Program Income

The default method for the use of program income for the District is the deduction method. 2 C.F.R. § 200.307(e). Under the deduction method, program income is deducted from total allowable costs to determine the net allowable costs. Program income will only be used for current costs unless the District is otherwise directed by the federal awarding agency or pass-through entity. 2 C.F.R. § 200.307(e)(1). The LEA may also request prior approval from the federal awarding agency to use the addition method. Under the addition method, program income may be added to the Federal award by the Federal agency and the non-Federal entity. The program income must then be used for the purposes and under the conditions of the Federal award. 2 C.F.R. § 200.307(e)(2).

While the deduction method is the default method, the District always refers to the grant award letter prior to determining the appropriate use of program income.

Although very unlikely, if a grant were to generate income, then the proceeds would be identified with special revenue codes in the subfund that identifies solely the federal grant involved.

Procurement System

The District maintains the following purchasing procedures.

A. Responsibility for Purchasing

[Board Policy 2.800 \(Expenditure of Funds\)](#)

[Board Policy 2.805 \(Purchasing/Purchasing Authority\)](#)

[Board Policy 2.806](#)

B. Purchase Methods

The type of purchase procedures required depends on the cost of the item(s) being purchased. Note, if state or local procurement policy is more restrictive than the federal purchase methods below, districts must always follow the most restrictive policy.

Purchases up to \$25,000

Tennessee Code Annotated (T.C.A.) allows a district to choose to follow the prescribed purchasing procedures of the district's local governing body, or to develop its own policies and procedures.

T.C.A. § 49-2-203(a)(3)(B) states, "If the LEA chooses not to follow the local governing body's purchasing procedures, all purchases of less than twenty-five thousand dollars (\$25,000) may be made in the open market without newspaper notice, but shall, whenever possible, be based upon at least three (3) competitive bids."

- Procurement Documents

- Purchase orders are used for all purchases
- Procurement of purchase order happens after the program supervisor initiates the process. Once determined there is enough money in the line item, then personnel in the finance office approves the purchase order. A carbon copy of the purchase order is typed and attached to the order form or original email, along with a copy of the check where final payment was issued. These documents are kept by the Finance Director until the end of the school year.

Then, they are boxed and put into storage and retained for 10 years, which is required by the comptroller.) The purchase order system used by the District pre- numbers the purchase orders to help prevent errors.

- Information required for purchase orders

- Should include a description of the services to be performed or goods to be delivered;
- A location where the services are to be performed or goods to be delivered;
- The appropriate dates of service or delivery.
- Account number
- Person receiving the goods
- Documentation and logs are kept in a computerized format and paper format in the school and central office.

- Responsibilities

- Purchase orders are initiated by the department heads or their designees.
- Purchase orders are typed by the Grant Administrator, Bookkeeper, Finance Clerk, or Finance Director, and then final approval rests with the Director of Schools.
- Contracts are approved by the Van Buren County School Board or Director of Schools

Purchases over \$25,000

Tennessee Code Annotated (T.C.A.) allows a district to choose to follow the prescribed purchasing procedures of the district's local governing body, or to develop its own policies and procedures and purchase all supplies, furniture, fixtures, and material of every kind through the executive committee.

Regarding purchases estimated to exceed twenty-five thousand dollars (\$25,000), T.C.A. § 49-2- 203(a)(3)(A) states "All expenditures for such purposes may follow the prescribed procedures of the LEA's respective local governing body, so long as that body, through its charter, private act or ordinance has established a procurement procedure that provides for advertisement and competitive bidding, except that, if a newspaper advertisement is required, it may be waived in case of emergency. If the LEA chooses not to follow the local governing body's purchasing procedures, all expenditures for such purposes estimated to exceed ten thousand dollars (\$10,000) or more shall be made on competitive bids, which shall be solicited by advertisement in a newspaper of general circulation in the county,

except that the newspaper advertisement may be waived in the event of an emergency. School districts that have a purchasing division may use a comprehensive vendor list for the purpose of soliciting competitive bids; provided, further, that the purchasing division shall periodically advertise in a newspaper of general circulation in the county for vendors and shall update the list of vendors following the advertisement.”

Regarding purchases less than ten thousand dollars (\$10,000) T.C.A. § 49-2-203(a)(3)(B) states “If the LEA chooses not to follow the local governing body’s purchasing procedures, all purchases of less than ten thousand dollars (\$10,000) may be made in the open market without newspaper notice, but shall, whenever possible, be based upon at least three (3) competitive bids.”

- Procurement Documents

Procurement of purchase order happens at Van Buren County Schools (after the department head or designee calls/emails the Grant Administrator, Bookkeeper, Finance Clerk, or Finance Director) to initiate the process. Once determined there is enough money in the line item, then the (Director of Schools) approves the purchase order in the accounting system (A paper copy of the purchase order is printed and attached to the order form or original email, along with a copy of the check where final payment was issued. These documents are kept by the Finance Director until the end of the school year. Then, they are boxed and put into storage and retained for 10 years, which is required by the comptroller). The purchase order system used by The District pre-numbers the purchase orders to help prevent errors.

- Information required for purchase orders

- Should include a description of the services to be performed or goods to be delivered
- A location where the services are to be performed or goods to be delivered
- The appropriate dates of service or delivery
- Account number
- Person receiving the goods
- Documentation and logs are kept in a computerized format and paper format in the school and central office

- Responsibilities

- Purchase orders are initiated by the department heads or their designees.
- Purchase orders are typed by the Grant Administrator, Bookkeeper, Finance

Clerk, or Finance Director), and then final approval rests with Director of Schools.

- Contracts are approved by the Van Buren County School Board or Director of Schools.
- Required Number and Types of Quotations
 - Bids are received by the accounts payable clerk to the Director of Schools.
 - 3 competitive bids are required unless buying off state contract, or piggybacking.
 - These bids must be received before a purchase order, requisition, or contract is made

[Board Policy 2.806 \(Bids and Quotations\)](#)

[Board Policy 2.807 \(Requisitions\)](#)

[Board Policy 2.808 \(Purchase Orders and Contracts\)](#)

[Purchasing Procedures](#)

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 contract is awarded. It is generally used when conditions are not appropriate for the use of sealed bids. If this method is used, the following requirements apply:

- 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;
- Proposals must be solicited from an adequate number of qualified sources; and
- Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered.

For competitive proposals, EDGAR requires recipients to have a written method for conducting technical evaluations of the proposals received and for selecting recipients.

Architectural/Engineering Professional Services: The District may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby competitors' qualifications are evaluated and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. The method, where price is not used as a selection factor, can only be used in procurement of A/E professional services. It cannot be used to purchase other types of services though A/E firms are a potential source to perform the proposed effort.

Contract/Price Analysis: A cost or price analysis is performed in connection with every procurement action in excess of \$150,000, including contract modifications. 2 C.F.R. § 200.324(a). A cost analysis generally means evaluating the separate cost elements that make up the total price, while a price analysis means evaluating the total price, without looking at the individual cost elements. The method and degree of analysis is dependent on the facts surrounding the particular procurement situation; however, Districts must come to an independent estimate prior to receiving bids or proposals. 2 C.F.R. § 200.324(a).

When performing a cost analysis, the District negotiates profit as a separate element of the price. To establish a fair and reasonable profit, consideration is given to the complexity of the work to be performed, the risk borne by the contractor, the contractor's investment, the amount of subcontracting, the quality of its record of past performance, and industry profit rates in the surrounding geographical area for similar work. 2 C.F.R. § 200.324(b).

The respective project supervisor completes an initial cost analysis by comparing similar products or services. Research begins via seeking online reputable vendors products/services. The project supervisor meets with the program supervisor to determine which specific product/service is the most reasonable and allowable. Cost analysis work sessions are held with appropriate district personnel to review the process before a final decision is made.

[Board Policy 2.806 \(Bids & Quotations\)](#)

Noncompetitive Proposals (Sole Sourcing)

Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used only when one or more of the following circumstances apply:

- The item is available only from a single source;
- The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
- The federal awarding agency or pass-through entity expressly authorizes noncompetitive

proposals in response to a written request from the District; or

- After solicitation of a number of sources, competition is determined inadequate.

Educational Consultants and Similar Services: In order to procure educational consultants in accordance with T.C.A. § 12-4-106(a)(1), the procurement must be paid with state or local funds:

Contracts by counties, cities, metropolitan governments towns, utility districts and other municipal and public corporations of the state, for legal services, fiscal agent, financial advisor or advisory services, educational consultant services and similar services by professional persons or groups of high ethical standards, shall not be based upon competitive bids, but shall be awarded on the basis of recognized competence and integrity. The prohibition against competitive bidding in this section shall not prohibit any entity enumerated from interviewing eligible persons or groups to determine the capabilities of such persons or groups.

The originator will perform due diligence to glean information if in fact the purchase qualifies as a sole source requisition. In doing so, they will review/contact at least three (3) different vendors providing comparable types of products/ services. If research shows that the purchase does meet sole source requirements, then the bid process is not needed even if the purchase is over \$25,000.00.

[Board Policy 2.805](#)

[Board Policy 2.806 \(Bids & Quotations\)](#)

[Board Policy 2.808](#)

Cost Price Analysis and Sole Source

A cost or price analysis will be performed for noncompetitive proposals when the price exceeds \$150,000.

Purchase Cards

Van Buren County does not use purchase cards.

The District uses purchasing cards which are issued by the CFO. Prior to using a purchasing card for travel, a credit card approval form must be completed and approved by The Supervisor/Director of Schools. After proper authorization is received, the program bookkeeper will complete the purchase order and check the request for payment. Supporting documentation is then submitted (registration fees, hotel/lodging, etc)

Full and Open Competition

All procurement transactions must be conducted in a manner providing full and open competition consistent with 2 C.F.R §200.319. In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals must be excluded from competing for such procurements. Some of the situations considered to be restrictive of competition include but are not limited to:

- Placing unreasonable requirements on firms in order for them to qualify to do business;
- Requiring unnecessary experience and excessive bonding;
- Noncompetitive pricing practices between firms or between affiliated companies;
- Noncompetitive contracts to consultants that are on retainer contracts;
- Organizational conflicts of interest;
- Specifying only a “brand name” product instead of allowing “an equal” product to be offered and describing the performance or other relevant requirements of the procurement; and
- Any arbitrary action in the procurement process.

EDGAR further requires the following to ensure adequate competition.

Geographical Preferences Prohibited

The District will conduct procurements in a manner that prohibits the use of statutorily or administratively imposed state, local, or tribal geographical preferences in the evaluation of bids or proposals, except in those cases where applicable federal statutes expressly

mandate or encourage geographic preference. When contracting for architectural and engineering (A/E) services, geographic location may be a selection criterion provided its application leaves an appropriate number of qualified firms, given the nature and size of the project, to compete for the contract.

Use of Federal Excess and Surplus Property

The District must consider the use of federal excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs.

Since we are permitted to procure surplus government property without competitive bidding, our board encourages and actively seeks opportunities to find surplus property. This is not only for cost saving reasons but for assisting fellow governmental entities.

[Board Policy 2.805](#)

Debarment and Suspension

The District shall award contracts only to responsible contractors possessing the ability to perform successfully under the *Prequalified Lists*.

The District will ensure that all prequalified lists of persons, firms, or products which are used in acquiring goods and services are current and include enough qualified sources to ensure maximum open and free competition. Also, The District will not preclude potential bidders from qualifying during the solicitation period.

Solicitation Language

The District will ensure that all solicitations incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description must not, in competitive procurements, contain features which unduly restrict competition. The description may include a statement of the qualitative nature of the material, product or service to be procured and, when necessary, must set forth those minimum

essential characteristics and standards to which it must conform if it is to satisfy its intended use. Detailed product specifications should be avoided if at all possible.

When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a “brand name or equivalent” description may be used as a means to define the performance or other salient requirements of procurement. The specific features of the named brand which must be met by offers must be clearly stated; and identify all requirements which the offers must fulfill and all other factors to be used in evaluating bids or proposals. 2 C.F.R §200.319(c).

Federal Procurement System Standards

Avoiding Acquisition of Unnecessary or Duplicative Items

The District will avoid the acquisition of unnecessary or duplicative items. Additionally, consideration is given to consolidating or breaking out procurements to obtain a more economical purchase. And, where appropriate, an analysis must be made of leases versus purchase alternatives, and another other appropriate analysis to determine the most economical approach. These considerations are given as part of the process to determine the allowability of each purchase made with federal funds.

[Board Policy 2.805](#)

[Board Policy 2.808](#)

Use of Intergovernmental Agreements

To foster greater economy and efficiency, The District shall enter into state and local intergovernmental agreements where appropriate for procurement or use of common or shared goods and services. Agreements are entered into only after ensuring they are legal and beneficial for the school system.

Terms and Conditions of a Proposed Procurement

Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources.

The District may not subcontract with or award subgrants to any person or company who is debarred or suspended and is required to check for excluded parties at the System for Award Management website before any procurement transaction. This list is located at:

<http://www.sam.gov/>.

Maintenance of Procurement Records

The District will 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.

All documents related to procurement are kept for the time specified by law.

Time and Materials Contracts

The District may use a time and materials type contract only if (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 in order to obtain reasonable assurance that the contractor is using efficient methods and effective cost controls.

Van Buren County Schools does not award time and materials contracts.

Settlements of Issues Arising Out of Procurements

The District alone is responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising out of procurements. These issues include, but are not limited to, source evaluation, protests, disputes, and claims. These standards do not relieve 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 shall maintain protest procedures to handle and resolve disputes relating to procurements and, in all instances, disclose information regarding the protest to the awarding agency.

Disagreements are brought before the School Board immediately. The bidders are told this in the initial bid solicitation.

[Board Policy 2.806 \(Bids & Quotations\)](#)

[Board Policy 1.404 \(Appeals\)](#)

Conflict of Interest Requirements

Standards of Conduct

In accordance with 2 C.F.R. §200.18(c)(1), The District maintains the following standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award and administration of contracts.

No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a federal award if he or she has a real or apparent conflict of interest.

Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract.

The officers, employees, and agents of the District may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts, unless the gift is an unsolicited item of nominal value.

[Board Policy 2.809 \(Vendor Relations\)](#)

[Board Policy 1.107 \(Board Member Conflict of Interest\)](#)

[Board Policy 1.108 \(Nepotism\)](#)

[Board Policy 1.106 \(Code of Ethics/Conduct of Interest Disclosure Statement\)](#)

[Board Policy 1.2021](#)

[Board Policy 5.611](#)

[Board Policy 5.605](#)

[Board Policy 5.601](#)

[Board Policy 2.401](#)

[Board Policy 1.601](#)

Organizational Conflicts

Organizational conflicts of interest mean that because of relationships with a parent company, affiliate, or subsidiary organization, the non-Federal entity is unable or appears to be unable to be impartial in conducting a procurement action involving a related organization. 2 C.F.R §200.318(c)(2).

Disciplinary Actions

[Board Policy 5.501 \(Complaints and Grievances\)](#)

[Board Policy 5.502](#)

[Board Policy 1.401](#)

Mandatory Disclosure

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

[Board Policy 1.108](#)

Contract Administration

The District shall maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders 2 C.F.R. § 200.318.

[Board Policy 2.808 \(Purchase Orders and Contracts\)](#)

[Purchasing and Procurement Process](#)

Property Management Systems

A. Property Classifications

Equipment means tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the District for financial statement purposes, or \$5,000. 2 C.F.R. §200.33.

Supplies means all tangible personal property other than those described in §200.33 Equipment. A computing device is a supply if the acquisition cost is less than the lesser of the capitalization level established by the District for financial statement purposes or \$5,000, regardless of the length of its useful life. 2 C.F.R. §200.94.

Computing devices means machines used to acquire, store, analyze, process, and publish data and other information electronically, including accessories (or “peripherals”) for printing,

transmitting and receiving, or storing electronic information. 2 C.F.R. §200.20.

Capital assets means tangible or intangible assets used in operations having a useful life of more than three years and a cost of \$10,000 or greater which are capitalized in accordance with GAAP. Capital assets include:

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

B. Inventory Procedure

C. [Board Policy 2.702 \(Inventories\)](#)

[Board Policy \(General Assets Policy/Procedure\)](#)

D. Inventory Records

For each equipment and computing device purchased with federal funds, the following information is maintained:

- Serial number or other identification number;
- Source of funding for the property;
- Who holds title;
- Acquisition date and cost of the property;
- Percentage of federal participation in the project costs for the federal award under which the property was acquired;
- Location, use and condition of the property; and
- Any ultimate disposition data including the date of disposal and sale price of the property.

District & Federal Programs Inventory Process

- Property that is sold - funds recouped or returned to the program from which they were purchased and new, similar items are purchased for replacement. When items are sold, the amount from the sale is returned to the appropriate funding source.
- Property that is lost or stolen - when items are reported as lost or stolen, an investigation is conducted and police and insurance claims filed when appropriate. A thorough

investigation occurs to recover the lost or stolen item. In the event that it cannot be found, a police report is filed.

- Property that cannot be repaired - if the property has usable parts; they are retained for repairing other equipment. When items cannot be repaired, they are removed from inventory and discarded.

E. Physical Inventory

A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.

- Equipment procedures
- At the school level: Designated personnel open the Excel Inventory sheet that is shared from the district office. Print Inventory.
- Use an inventory list to keep track of the inventory process. The person conducting the physical inventory, will check each room number identified to verify the location, update condition and usage.
- Make revisions on the excel sheet in Red. Resolve any of the missing equipment by sending an email to teachers in the building. Once all issues have been addressed, send another communication to teachers regarding the resolved issue.
- Once inventory has been completed, sign and date. Inventory is sent into the Federal Programs office.

[Board Policy 2.702](#)

F. Property/Equipment Maintenance

In accordance with 2 C.F.R.313(d)(4), The District maintains adequate maintenance procedures to ensure that property is kept in good condition.

The District property is to be used for school system purposes only. Personal use of school property inventory is not permitted. If any item is broken, a work order is submitted to appropriate department for repair.

G. [Board Policy 3.300 \(Equipment and Supplies Management\)](#)

H. Lost or Stolen Items

The District maintains a control system that ensures adequate safeguards are in place to prevent loss, damage, or theft of the property. Equipment that is stolen is reported to local jurisdiction of law enforcement.

District computing devices are allowed to be taken off-site. The Technology Department is responsible for maintaining a check list of such property assigned to an employee. The staff is responsible for safeguarding property in their care. Computing property is tagged by the Technology Department with a bar code tag identifying the item as property of the school district. Each department securely labels purchased items received with the appropriate and required federal identification. Equipment that is lost or stolen at the school building, administrators will notify the technology department and the program supervisor. In the event that equipment is stolen, the local police department shall be called and a report filled out within 24 hours of notice that the item has been stolen. A copy of the report should be given as documentation. The report will be submitted to the appropriate program supervisor. The administrator and program supervisor will keep records on file. The stolen equipment will be noted in the database. Annual agreements are signed at individual schools and staff is responsible for safeguarding said property.

[Board Policy 4.406 \(Acceptable Use Policy\)](#)

[Board Policy 3.300](#)

Use of Equipment

Equipment must be used in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by the federal award, and the The District will not encumber the property without prior approval of the federal awarding agency and the pass-through entity. When no longer needed for the original program or project, the equipment may be used in other activities supported by the federal awarding agency, in the following order of priority: (1) activities under a federal award from the federal awarding agency which funded the original program or project; then (2) activities

under federal awards from other federal awarding agencies.

During the time equipment is used on the project or program for which it was acquired, the equipment will also be made available for use on other projects or programs currently or previously supported by the federal government, provided that such use will not interfere with the work on the projects or program for which it was originally acquired. First preference for other use must be given to other programs or projects supported by the federal awarding agency that financed the equipment. Second preference is given to programs or projects under federal awards from other federal awarding agencies. Use for non-federally funded programs or projects is also permissible.

Redistribution of equipment and supplies are processed through the Principal's Office and/or Technology Department and based on the specific funding rules and regulations and the areas of need in the district. If items purchased with federal funds are no longer needed by the original federal program, then those items are offered to other programs supported by other federal awarding agencies.

I. [Board Policy 2.702](#)

J. Disposal of Equipment

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

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

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

property.

[Board Policy 2.403 \(Surplus Property Sales\)](#)

[Disposition of Equipment Procedures](#)

Written Compensation Policies

Time and Effort

Time and Effort Standards

All employees who are paid in full or in part with federal funds must keep specific documents to demonstrate the amount of time they spent on grant activities. C.F.R. § 200.430(i)(1). In addition, employees who are paid from state and local funds, but whose salaries are used for cost sharing or matching must also keep time and effort documentation. 2 C.F.R. § 200.430(i)(4).

Charges to federal awards for salaries and wages must be based on records that accurately reflect the work performed. In accordance with 2 C.F.R. § 200.430(i)(1), these records must:

- Be supported by a system of internal controls which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- Be incorporated into official records;
- Reasonably reflect total activity for which the employee is compensated, not exceeding 100% of compensated activities;
- Encompass both federally assisted and all other activities compensated by the District on an integrated basis;
- Comply with the established accounting policies and practices of the District and
- Support the distribution of the employee's salary or wages among specific activities or costs objectives.

Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to federal awards, but may be used for interim accounting purposes provided that the system for establishing the estimates produces reasonable approximations of the activity actually performed. 200.430(i)(1)(viii).

Time and Effort Procedures

In order to meet the above requirements, all employees who must complete time and effort forms must submit either a semi-annual certification or a personnel activity report (PAR) as required below. The type of form depends on the number of cost objectives on which an employee works.

A cost objective is a program, function, activity, award, organizational subdivision, contract, or work unit of which cost data are described and from which provision is made to accumulate and measure the cost of processes, products, jobs, capital projects, etc. 2 C.F.R. § 200.28.

All employees who work on a single cost objective must complete a semi-annual certification. The semi-annual certification must be:

1. Completed at least every six (6) months;
2. Be signed by the employee or the supervisor with direct knowledge of the work being performed;
3. Reflect an after-the-fact distribution of the actual activity; and
4. Account for the total activity for which each employee is compensated.

All employees who work on multiple cost objectives must complete PARs that support the distribution of their salaries /wages that meet the following standards:

1. Reflect an after-the-fact distribution of the actual activity;
2. Account for the total activity for which each employee is compensated;
3. Are prepared at least monthly & coincide with one or more pay periods; and
4. Are signed by the employee.
5. All 100% federally funded personnel and those who fall under the cost objective of school improvement complete the federal certification form in January and July. The form is sent electronically to administrators to complete on paper. All forms are completed and signed by the administrator. The program supervisor reviews the certification to ensure completion and accuracy.

[Insert Semi Annual Certification Form](#)

[PARS Form](#)

Reconciliation and Closeout Procedures

It is critical for payroll charges to match the actual distribution of time recorded on the monthly certification documents. Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to federal awards, but may be used for interim accounting purposes provided that the system for establishing the estimates produces reasonable approximations of the activity actually performed.

If using budget estimates for interim accounting purposes, EDGAR requires recipients to identify and enter into the records in a timely manner any significant changes in the corresponding work activity. Additionally, the recipient must have a system of internal controls to review after-the-fact interim charges made to a federal award based on budget estimates. All necessary adjustments must be made such that the final amount charged to the federal award is accurate, allowable, and properly allocated.

A monthly statement of expenditures with budget comparison that is reviewed by program bookkeepers and supervisors. Adjustments are made as needed.

All department budgets are reconciled with the system and city budgets at the end of each fiscal year. All time and effort certifications are reviewed bi-annually for accuracy and appropriate signatures and dates.

Employee Exits

Upon separating services from the district, the federally funded employee submits final federal certifications to the administrator or Federal Programs Supervisor.

[Board Policy 5.200 \(Separation Practices for Tenured Teachers\)](#)

[Board Policy 5.201 \(Separation Practices for Non-Tenured Teachers\)](#)

[Board Policy 5.202 \(Separation Practices for Non-Certified Employees\)](#)

Human Resources Policies

The District shall have human resource policies which at least cover

- (1) how employees are hired (2 C.F.R.§200.430(a)(2));
- (2) the extent to which employees may provide professional services outside the District (2 C.F.R. §200.430(c));
- (3) the provision of fringe benefits, including leave and insurance, (2C.F.R.§200.431));
- (4) the use of recruiting expenses to attract personnel (2 C.F.R. §200.463(b)); and
- (5) reimbursement for relocation costs. 2C.F.R. §200.464.

[Board Policy 5.106\(Application and Employment\)](#)

[Board Policy 5.607 \(Non-school Employment\)](#)

[Board Policy 5.300 \(Short Term Leaves of Absence\)](#)

[Board Policy 5.301 \(Emergency and Legal Leave\)](#)

[Board Policy 5.302 \(Sick Leave\)](#)

[Board Policy 5.303 \(Personal and Professional Leave\)](#)

[Board Policy 5.304 \(Long Term Leave of Absence for Professional Personnel\)](#)

[Board Policy 5.305\(Family and Medical Leave\)](#)

[Board Policy 5.306\(Military Leave\)](#)

[Board Policy 5.307 \(Physical Assault Leave\)](#)

[Board Policy 5.309 \(Legislative Leave\)](#)

[Board Policy 5.310 \(Vacations and Holidays\)](#)

[Board Policy 5.105](#)

[Board Policy 5.110](#)

[Board Policy 5.607](#)

[Board Policy 5.100](#)

[Board Policy 5.608](#)

[Board Policy 5.609](#)

[Board Policy 5.308](#)

Record Keeping

Record Retention

The District Maintains all records that fully show (1) the amount of funds under the grant or subgrant; (2) how the subgrantee uses those funds; (3) the total cost of each project; (4) the share of the total cost of each project provided from other sources; (5) other records to facilitate an effective audit; and (6) other records to show compliance with federal program requirements. 34 C.F.R. §§76.730-.731 and §§75.730-.731. The District also maintains records of significant project experiences and results. 34 C.F.R. § 75.732. These records and accounts must be retained and made available for programmatic or financial audit.

The U.S. Department of Education is authorized to recover any federal funds misspent within 5 years before the receipt of a program determination letter. 34 C.F.R. § 81.31(c).

Consequently, the District retain records for a minimum of five (5) years from the date on which the final Financial Status Report is submitted, unless otherwise notified in writing to extend the retention period by the awarding agency, cognizant agency for audit, oversight agency for audit, or cognizant agency for indirect costs. However, if any litigation, claim, or audit is started before the expiration of the record retention period, the records will be retained until all litigation, claims, or audit findings involving the records have been resolved and final action taken. 2 C.F.R. § 200.333.

Federal records are kept in compliance with the Internal Control and Compliance Manual for Tennessee, which is longer than the Federal requirement of 5 years. When records are no longer needed, they are shredded for disposal.

[Board Policy 2.701](#) (Financial Records and Reports)

Collection and Transmission of Records

Records are kept both electronically and as paper copies within each department of The

District. Records are transmitted electronically via ePlan to the state for monitoring, as well as provided physically when requested by auditors

[Board Policy 2.701 \(Financial Records and Reports\)](#)

Access to Records

The District provides the awarding agency, Inspectors General, the Comptroller General of the United States, and the pass-through entity, or any of their authorized representatives the right of access to any documents, papers, or other records of the District which are pertinent to the Federal award, in order to make audits, examinations, excerpts, and transcripts. The right also includes timely and reasonable access to the District's personnel for the purpose of interview and discussion related to such documents.

Privacy

All new employees are trained on Family Educational Rights and Privacy Act (FERPA) at the beginning of the year at new employee orientation. Principals discuss FERPA with all employees at the beginning of the school year. End users who interface with sensitive information are required to change passwords frequently. When any request is made for a copy of a school record, the individual must fill out the Request of Records form, show their driver's license and/ photo ID, and social security number.

[Board Policy 6.600 \(Student Records\)](#)

[Board Policy 6.602 \(Student Records Inspection and Correction Procedures\)](#)

[Board Policy 1.407 \(School Board Records\)](#)

[Board Policy 6.601 \(Student Records Annual Notification of Rights\)](#)

[Board Policy 5.114](#)

Subrecipient Monitoring

In the event that the District awards subgrants to other entities, it is responsible for monitoring those grant subrecipients to ensure compliance with federal, state, and local laws. Monitoring is the regular and systematic examination of all aspects associated with the administration and implementation of a program. Each program office that awards a subgrant must have its own monitoring policy. This policy must ensure that any monitoring findings are corrected.

Not applicable

Legal Authorities and Helpful Resources

The following resources contain relevant grants management requirements. Staff should be familiar with these materials and consult them when making related decisions.

- Education Department General Administrative Regulations (EDGAR)
 - <http://www2.ed.gov/policy/fund/reg/edgarReg/edgar.html>
- Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (2 C.F.R. Part 200)
 - <http://www.eC.F.R..gov/cgi-bin/text-idx?SID=ccccf77e01c9e6d4b3a377815f411704&node=pt2.1.200&rgn=div5>
- USDOE's Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (2 C.F.R. Part 3474);
 - http://www.eC.F.R..gov/cgi-bin/text-idx?SID=ccccf77e01c9e6d4b3a377815f411704&tpl=/eC.F.R.browse/Title02/2C.F.R.3474_main_02.tpl
- Federal program statutes, regulations, and guidance
 - <http://www.ed.gov/>
 - <http://www.tennessee.gov/education/districts/index.shtml>
- State regulations, rules, and policies
 - TN State Board of Education Rules and Regulations: http://www.tn.gov/sbe/rul_reg.shtml
 - TN State Board of Education Policies, Standards, and Guidelines: <http://www.tn.gov/sbe/policies.shtml>
 - TN Comptroller of the Treasury: <https://www.comptroller.tn.gov>
 - TN Internal School Uniform Accounting Policy Manual: http://tennessee.gov/assets/entities/education/attachments/loc_fin_inter_nal_sch_uniform_acct_policy.pdf
- District regulations, rules, and policies ([District regulations, rules, and local board policies](#))
- Organizational chart ([District Org Chart](#))