



Hayden Canyon Charter

-Federal Grants Management Procedures Manual-

Dear Superintendents, Federal Program Directors and Business Managers,

On December 19, 2014, the US Department of Education (ED) released the newly updated *Education Department General Administrative Regulations* (EDGAR). This change was due to the Office of Management and Budget's (OMB) publications of the final Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (known as the Uniform Grant Guidance or UGG), which consolidated OMB circulars a-21, A87, A-102 and A-122, A-133 into a uniform set of rules.

Pursuant to EDGAR, some of the policies and procedures MUST be in writing: Procurement (2 C.F.R. § 200.318), Cash Management (2 C.F.R. § 200.302 (6) and Allowable Costs (2 C.F.R. § 200.302 (7)).

This template provides the framework for creating policies and procedures related to the administration of federal education programs. Specifically, it contains the internal controls and grant management standards non-federal entities must use to ensure that all federal funds are lawfully expended. It describes in detail: financial management standards, including appropriate cash management procedures; allowable rules; procurement policies; property management protocols; and record retention requirements.

This document is designed to serve as a template for an entity to use when developing its own policies and procedures. This template does not include all compliance requirements and is meant to be a starting point and a reference guide for Local Education Agencies (LEAs) as they begin to draft policies and procedures that are unique to the specific circumstances of their organization. It includes questions to ask and issues to consider.

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Introduction

This manual sets forth the policies and procedures used by Hayden Canyon Charter (the Charter) to administer federal funds. The manual contains the internal controls and grant management standards used by the Charter to ensure that all federal funds are lawfully expended; describing in detail the Charter's financial management system, including cash management procedures; procurement policies; inventory management protocols; procedures for determining allowable expenditures; time and effort reporting; record retention; and sub-recipient monitoring responsibilities. New employees of the Charter, as well as incumbent employees, are expected to review this manual to gain familiarity and understanding of the Charter's rules and practices.

Financial Management System

The Charter maintains a proper financial management system in order to receive both direct and state-administered grants and to expend funds associated with a grant award. Certain fiscal controls and procedures must be in place to ensure that all financial management system requirements are met. Failure to meet a requirement may result in return of funds or termination of the award.

Financial Management Standards

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

Identification

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

Financial Reporting

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

Accounting Records

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

Internal Controls

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

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

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

Budget Control

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

Cash Management

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

Allowable Costs

The Charter must maintain written procedures for determining allowable costs in accordance with EDGAR.

Overview of the Financial Management/Accounting System

The Charter School accounting system is established to present, with full disclosure, the financial position and results of the financial operations of the School in conformity with generally accepted accounting principles. The accounting system currently used is Quick Books Enterprise for Nonprofits 2019 version. The system is in compliance with IFARMS, as required by Idaho statute. IFARMS shall be used as the basis for developing program budgets and the preparation of periodic financial reports. The Business Manager shall be responsible for managing budgets and accounts payable. As required by 34 CFR 200.302, the School shall maintain on file award

letters that include Catalog of Federal Domestic Assistance (CFDA) titles and numbers, federal award identification numbers and years, names of the federal awarding agencies, and the name of the State Department of Education (the pass-through entity), for each federal award. The funds are given unique identification numbers in the IFARMS system.

The Business Manager shall be responsible for preparing financial reports, as required for local, state, and federal agencies, for review and approval by the Board of Directors. The financial reports shall reflect the financial activity and status of the Charter School. These reports shall include monthly and cumulative expenditures, program budgets, and balances remaining.

Budgeting

The Planning Phase: Meetings and Discussions

Before Receiving the Grant Award Notice (GAN)

The Executive Director or designee, assisted by the Business Manager, shall be responsible for initial federal grant budget development. Initial budget development shall be based upon estimates of federal program award amounts as provided by the State Department of Education, as well as input from program and administrative staff with respect to individual program staff needs, number and assignments of paraprofessionals relative to program allocations, and need for instructional supplies and equipment. The primary considerations of initial budget development shall be the educational needs of students and the availability of existing Charter School resources for meeting these needs.

Budgets shall be prepared and presented in a format that clearly identifies revenue sources and amounts and budgeted expenditures, in accordance with IFARMS accounting codes, and shall be open for public inspection.

The Executive Director or designee shall present the proposed budget to the Board for final approval of the budget and the policies reflected therein, such as proposed changes or additions to instructional programs and proposed salary schedules. Consideration of the proposed budget shall take place in an open meeting with opportunity for public comment. The approved budget shall be included in the minutes of the Board as documentation of its acceptance and approval.

After Receiving the GAN

If the Executive Director or designee determines that final program allocations necessitate revisions to program budgets, he or she, assisted by the Business Manager with input from federal programs staff, shall discuss, review, and propose budget revisions. If

proposed revisions require amendment proposals, the Executive Director or designee will follow protocols of the amendment process.

Amending the Budget

The Executive Director or designee shall review and approve any necessary budget amendments and shall submit those amendments to the Board at least seven days in advance of the meeting at which the amendment will be considered. The Board shall have final approval of the amended budget and consideration of the proposed budget shall take place in an open meeting with opportunity for public comment. The approved amended budget shall be included in the minutes of the Board of Directors as documentation of its acceptance and approval.

Budget Control

The Business Manager shall prepare monthly financial reports that monitor budget performance by comparing actual to budgeted revenues and expenditures. Monthly financial reports indicate budgeted amounts, monthly expenditures, year-to-date-expenditures and percentage of budget spent. The Executive Director or designee shall review these reports for the preceding month prior to presentation to the Board.

Accounting Records

The Business Manager shall be responsible for the maintenance of accounting records. Electronic accounting records are maintained in the Quick Books Enterprise for Nonprofits 2019 version, and paper records are maintained on file in the Charter School office. All accounting records shall be reviewed by the Executive Director or designee and, where appropriate and required, the Board. The School chart of accounts and financial reports shall be established and maintained in accordance with Generally Accepted Accounting Principles (GAAP) and IFARMS, as required by Idaho Code. Accounting records shall be available for public inspection at any time.

Spending Grant Funds

In determining what items will be included in individual program budgets, the Business Manager and the Executive Director or designee will follow the federal cost principles and individual program statutes and regulations, as the basis for determining whether individual expenditures are allowable. While developing and reviewing the grant budget, the Charter School will keep in mind the difference between direct costs and indirect costs.

Direct and Indirect Costs

1. **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.

Indirect costs are those that have been incurred for a common or joint purpose benefiting more than one cost objective, and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved.

Costs incurred for the same purpose in like circumstances shall be treated consistently as either direct or indirect costs.

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.

The salaries of administrative and clerical staff shall normally be treated as indirect costs.

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

- A. Administrative or clerical services are integral to a project or activity;
- B. Individuals involved can be specifically identified with the project or activity;
- C. Such costs are explicitly included in the budget or have the prior written approval of the federal awarding agency; and
- D. The costs are not also recovered as indirect costs.

2. **Indirect Cost Rate:** It is at the discretion of the Hayden Canyon Public Charter School to use the indirect cost rate. It is the normal policy of the School not to take indirect costs on federal awards. If the School elects to take indirect costs, it shall follow the procedures for calculating the indirect cost rate prescribed by the State Department of Education and apply the policies and procedures outlined in the federal regulations as described below.

3. **Applying the Indirect Cost Rate:** Once the Charter School 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.

Once the School 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.

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 Charter School will spend its grant funds, the Executive Director or designee and the Business Manager 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 Education Department General Administrative Regulations (EDGAR), which are provided in the bulleted list below. The Business Manager and Executive Director or designee must consider these factors when making an allowability determination. All costs must:

1. Be necessary and reasonable for the performance of the federal award as outlined in 7320P1.
2. Be 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. 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.
3. Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the Charter School.
4. Conform to any limitations or exclusions set forth as cost principles in 2 CFR Part 200 or in the terms and conditions of the federal award.
5. 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.
6. Be adequately documented. All expenditures must be properly documented.
7. Be determined in accordance with General Accepted Accounting Principles (GAAP),

unless provided otherwise in Part 200.

8. Not be included as a match or cost-share, unless the specific federal program authorizes federal costs to be treated as such. Some federal program statutes require the non-federal entity to contribute a certain amount of non-federal resources to be eligible for the federal program.
9. 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.

Part 200’s cost guidelines must be considered when federal grant funds are expended. In addition, as required by federal rules, the Charter School will follow, as appropriate, all state and School-level requirements and policies regarding expenditures.

Helpful Questions for Determining Whether a Cost is Allowable

In addition to the cost principles and standards described in Procedures 7320P1 and P2, the Executive Director or designee, Business Manager, and appropriate federal programs personnel 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:

1. Is the proposed cost allowable under the relevant program?
2. Is the proposed cost consistent with an approved program plan and budget?
3. Is the proposed cost consistent with program specific fiscal rules? For example, the Charter School may be required to use federal funds only to supplement the amount of funds available from nonfederal (and possibly other federal) sources.
4. Is the proposed cost consistent with EDGAR?
5. Is the proposed cost consistent with specific conditions imposed on the grant (if applicable)?

As a practical matter, the Executive Director or designee, Business Manager, and appropriate federal programs personnel should also consider whether the proposed cost is consistent with the underlying needs of the program. For example, program funds must benefit the appropriate population of students for which they are allocated.

Also, funds should be targeted to address areas of weakness, as necessary. To make this determination, the Executive Director or designee, Business Manager, and appropriate federal programs personnel should review data when making purchases to ensure that federal funds meet these areas of concern.

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 general 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.

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

2 CFR Part 200 examines the allowability of 55 specific cost items (commonly referred to as Selected Items of Cost). These cost items are listed in the chart below along with the rule where the allowability of the item is discussed. 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:

1. The express language of the regulation states the item is unallowable;
2. The terms and conditions of the grant deem the item unallowable; or
3. 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.

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

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

Item of Cost Citation of	Allowability Rule
Advertising and public relations costs	2 CFR § 200.421
Advisory councils	2 CFR § 200.422
Alcoholic beverages	2 CFR § 200.423
Alumni/ae activities	2 CFR § 200.424
Audit services	2 CFR § 200.425
Bad debts	2 CFR § 200.426
Bonding costs	2 CFR § 200.427

Collection of improper payment	2 CFR § 200.428
Commencement and convocation costs	2 CFR § 200.429
Compensation –	personal services 2 CFR § 200.430
Compensation – fringe benefits	2 CFR § 200.431
Conferences	2 CFR § 200.432
Contingency provisions	2 CFR § 200.433
Contributions and donations	2 CFR § 200.434
Defense and prosecution of criminal and civil proceedings, claims, appeals, and patent infringements	2 CFR § 200.435
Depreciation	2 CFR § 200.436
Employee health and welfare costs	2 CFR § 200.437
Entertainment costs	2 CFR § 200.438
Equipment and other capital expenditures	2 CFR § 200.439
Exchange rates	2 CFR § 200.440
Fines, penalties, damages, and other settlements	2 CFR § 200.441
Fund raising and investment management costs	2 CFR § 200.442
Gains and losses on disposition of depreciable assets	2 CFR § 200.443
General costs of government	2 CFR § 200.444
Goods and services for personal use	2 CFR § 200.445
Idle facilities and idle capacity	2 CFR § 200.446
Insurance and indemnification	2 CFR § 200.447
Intellectual property	2 CFR § 200.448
Interest	2 CFR § 200.449
Lobbying	2 CFR § 200.450
Losses on other awards or contracts	2 CFR § 200.451
Maintenance and repair costs	2 CFR § 200.452
Materials and supplies costs, including costs of computing devices	2 CFR § 200.453
Memberships, subscriptions, and professional activity costs	2 CFR § 200.454
Organization costs	2 CFR § 200.455
Participant support costs	2 CFR § 200.456
Plant and security costs	2 CFR § 200.457
Pre-award costs	2 CFR § 200.458
Professional services costs	2 CFR § 200.459

Proposal costs	2 CFR § 200.460
Student activity costs 2 CFR § 200.469	
Publication and printing costs	2 CFR § 200.461
Rearrangement and reconversion costs	2 CFR § 200.462
Recruiting costs	2 CFR § 200.463
Relocation costs of employees	2 CFR § 200.464
Rental costs of real property and equipment	2 CFR § 200.465
Scholarships and student aid costs	2 CFR § 200.466
Selling and marketing costs	2 CFR § 200.467
Specialized service facilities	2 CFR § 200.468
Student activity costs	2 CFR § 200.469
Taxes (including Value Added Tax)	2 CFR § 200.470
Termination costs	2 CFR § 200.471
Training and education costs	2 CFR § 200.472
Transportation costs	2 CFR § 200.473
Travel costs	2 CFR § 200.474
Board Members	2 CFR § 200.475

Likewise, it is possible for the State and/or Charter School 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, School staff shall consult federal, State, and Charter School requirements when spending federal funds.

In order for a cost to be allowable, the expenditure must also be allowable under the applicable program statute and accompanying program regulations, non-regulatory guidance, and grant award notifications.

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 §200.474(a).

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 §200.474(b).

Please see policy 7430 regarding Hayden Canyon Charter's travel requirements.

Helpful Questions for Determining Whether a Cost is Allowable

In addition to the cost principles and standards described above, federal programs department 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, federal programs department 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, federal programs department should review data when making purchases to ensure that federal funds to meet these areas of concern. Federal Cash Management Policy/Procedures The Charter will comply with applicable methods and procedures for payment that minimize the time elapsing between the transfer of funds and disbursement by the Charter, in accordance with the Cash Management Improvement Act at 31 CFR Part 205. Generally, the Charter receives payment from the Idaho State Department of Education on a reimbursement basis. 2 CFR §200.305.

However, if the Charter receives an advance in federal grant funds, the Charter will remit interest earned on the advanced payment quarterly to the federal agency. The Charter may retain interest amounts up to \$500 per year for administrative expenses. 2 CFR § 200.305(b)(9).

According to guidance from the U.S. Department of Education (ED), when calculating the interest earned on ED grant funds, regardless of the date of obligation, interest is calculated from the date that the federal funds are drawn down from the G5 system until the date on which those funds are disbursed by the LEA.

Interest would not accrue if the LEA uses nonfederal funds to pay the vendor and/or employees prior to the funds being drawn down from the G5 system, commonly known as a reimbursement.

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 CFR Part 205. Generally, the District receives payment from the Idaho State Department of Education on a reimbursement basis. 2 CFR §200.305. However, if the District receives an advance in federal grant funds, the District will remit interest earned on the advanced payment quarterly to the federal agency. The District may retain interest amounts up to \$500 per year for administrative expenses. 2 CFR § 200.305(b)(9). According to guidance from the U.S. Department of Education (ED), when calculating the interest earned on ED grant funds, regardless of the date of obligation, interest is calculated from the date that the federal funds are drawn down from the G5 system until the date on which those funds are disbursed by the LEA. Interest would not accrue if the LEA uses nonfederal funds to pay the vendor and/or employees prior to the funds being drawn down from the G5 system, commonly known as a reimbursement.

Payment Methods

Reimbursements: The Charter will initially charge federal grant expenditures to nonfederal funds.

The District of Fiscal Affairs will request reimbursement for actual expenditures incurred under the federal grants monthly if possible. Reimbursement requests will be submitted through the Grant Reimbursement Application on the Idaho State Department of Education website. All reimbursements are based on actual disbursements, not on obligations. The Idaho State Department of Education will process reimbursement requests within the month.

Consistent with state and federal requirements, the Charter will maintain source documentation supporting the federal expenditures (invoices, time sheets, payroll stubs, etc.) and will make such documentation available for the Idaho State Department of Education review upon request.

Reimbursements of actual expenditures do not require interest calculations.

Advances: To the extent the Charter receives advance payments of federal grant funds; the Charter will strive to expend the federal funds on allowable expenditures as expeditiously as possible. Specifically, the Charter attempts to expend all drawn downs of federal funds within 72 hours of receipt.

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 Charter makes a binding written commitment to acquire the property
Personal services by an employee of the Charter	When the services are performed
Personal services by a contractor who is not an employee of the Charter	On the date which the Charter makes a binding written commitment to obtain the services
Public utility services	When the Charter receives the services
Travel	When the travel is taken
Rental of property	When the Charter uses the property
A pre-agreement cost that was properly approved by the Secretary under the cost principles in 2 CFR part 200, Subpart E-Cost Principles	On the first day of the project period

34 C.F.R. §75.707; 34 C.F.R. §76.707.

Period of Performance of Federal Funds

All obligations must occur on or between the beginning and ending dates of the grant project. 2 C.F.R. §200.309. This period of time is known as the period of performance. 2 C.F.R. §200.77. The period of performance is dictated by statute and will be indicated in the GAN. 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, 2015 would remain available for obligation through September 30, 2017.

Direct Grants: In general, the period of availability for funds authorized under direct grants is identified in the GAN. For both state-administered and direct grants, regardless of the period of

availability, the District must liquidate all obligations incurred under the award not later than 90 days after the end of the funding period unless an extension is authorized. 2 C.F.R. § 200.343(b). Any funds not obligated within the period of availability or liquidated within the appropriate timeframe are said to lapse and must be returned to the awarding agency. 2 C.F.R. § 200.343(d). Consequently, the Charter 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 “carryover” 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 Charter may have multiple years of grant funds available under the same program at the same time.

Carryover is calculated at the end of the year by the Business Manager and then discussed with the Education Director to re-budget.

Procurement System

The District maintains the following purchasing procedures.

Responsibility for Purchasing: Building administrators have the authority to initiate purchases. They may delegate purchasing authority to responsible individuals within their department. The business department will be responsible for processing contracts/purchase orders. Subject to the Education Director’s ultimate authority. The Education Director will make the final determination on any proposed purchase where budgetary or other conditions may result in denial.

Purchase Methods

The type of purchase procedures required depends on the cost of the item(s) being purchased:

- Procurement Documents
 - A purchase order and a requisition are used and approved by the Director of Federal Programs.
 - Procurement documentation is generated in Quickbooks Enterprise and documents are prenumbered.
 - 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; and
 - The appropriate dates of service or delivery.
 - All supporting documentation is kept in the finance department payable records.

- Responsibilities

- Building administrators enter purchase orders.
- Building administrators, coordinators, etc. completes the purchase order and the Director of Federal Programs approves the purchase.

In addition to these rules, sub-recipients must also follow both state and local procurement rules. State and local procurement rules are often stricter than federal requirements.

Purchases up to \$3,000 (Micro-Purchases without bids, but strong internal control to determine that a price is reasonable)

Micro-purchase means a purchase of supplies or services using simplified acquisition procedures, the aggregate amount (not per unit) of which does not exceed \$3,000. The micropurchase method is used in order to expedite the completion of its lowest-dollar small purchase transactions and minimize the associated administrative burden and cost. Procurement by micropurchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold.

To the extent practicable, the Charter distributes micro-purchases equitably among approved suppliers. The Purchasing Agent will determine the distribution and prices of micro-purchases. Micro-purchases may be awarded without soliciting competitive quotations if the Charter considers the price to be reasonable.

The Charter maintains evidence of this reasonableness in the records of all micro-purchases. Please see page 10 for written procedures on how to determine whether a price is reasonable.

Best Practices

Note: The Federal min requirement is up to \$3,000; however, it is considered to be a good practice to implement a strong internal control over compliance requirements which allows maintaining accountability over purchased assets. 2 C.F.R. § 200.62(a)(2). For example, any capital outlay purchased by the State Department of Education (SDE) including those of durable goods (e.g. furniture, electronics) with a unit cost over \$500.00 is approved by the Business Manager before the purchase is made by the SDE. Electronic devices are to be purchased in coordination with IT and the Education Director.

Purchases between \$3,000 and \$25,000 (no sealed bids, but quotations are obtained from at least 2 numbers of qualified sources)

Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than \$25,000. If small purchase procedures are used, price or rate quotations are obtained from an adequate number of qualified sources.

Purchases between \$25,000 and \$50,000 (Large Purchase Procedures must follow Idaho Code 67.2806)

Purchases over \$50,000

Sealed Bids (Formal Advertising): For purchases over \$50,000, bids are publicly solicited and a firm fixed price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price. The sealed bid method is the preferred method for procuring construction, if the following conditions apply:

- A complete, adequate, and realistic specification or purchase description is available;
- Two or more responsible bidders are willing and able to compete effectively for the business; and
- The procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally on the basis of price.

If sealed bids are used, the following requirements apply:

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

Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs must be considered in determining which bid is lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of. Any or all bids may be rejected if there is a sound documented reason.

Competitive Proposals: 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.

The Charter 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.

Bidding procedure is outlined in the Charter's policy manual.

Purchase Cards

The Hayden Canyon Charter allows the Education Director to hold a purchase card and must only be used for purchases that are board approved budgeted expenditures.

Geographical Preferences Prohibited

The Charter must conduct procurements in a manner that prohibits the use of statutorily or administratively imposed state, local, or tribal geographical preferences in the evaluation of bids or proposals, except in those cases where applicable federal statutes expressly mandate or encourage geographic preference. When contracting for architectural and engineering (A/E) services, geographic location may be a selection criterion provided its application leaves an appropriate number of qualified firms, given the nature and size of the project, to compete for the contract.

Prequalified Lists

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

Solicitation Language

The Charter must ensure that all solicitations incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description must not, in competitive procurements, contain features which unduly restrict competition. The description may include a statement of the qualitative nature of the material, product or service to be procured and, when necessary, must set forth those minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use. Detailed product specifications should be avoided if at all possible.

When it is 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 Charter must avoid the acquisition of unnecessary or duplicative items. Additionally, consideration is given to consolidating or breaking out procurements to obtain a more economical purchase. And, where appropriate, an analysis must be made of purchase alternatives, and any other appropriate analysis to determine the most economical approach. These considerations are given as part of the process to determine the allowability of each purchase made with federal funds. Please see page 15 for written procedures on determining allowability.

Use of Intergovernmental Agreements

To foster greater economy and efficiency, the Charter enters into state and local intergovernmental agreements where appropriate for procurement or use of common or shared goods and services.

Use of Federal Excess and Surplus Property

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

Debarment and Suspension

The Charter awards contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources.

The Charter may not subcontract with or award subgrants to any person or company who is debarred or suspended. For all contracts over \$25,000, the Charter verifies that the vendor with whom the District intends to do business with is not excluded or disqualified. 2 C.F.R. Part 200, Appendix II(1) and 2 C.F.R. § 180.220 and § 180.300.

Further, the Charter must assert a high degree of oversight in order to obtain reasonable assurance that the contractor is using efficient methods and effective cost controls.

Settlements of Issues Arising Out of Procurements

The Charter 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 Charter 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 Charter maintains protest procedures to handle and resolve disputes relating to procurements and, in all instances, discloses information regarding the protest to the awarding agency. Please refer to the district's procedure manual for a description of how disputes are handled.

Property Management Systems

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 Charter for financial statement purposes, or \$500. 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 Charter for financial statement purposes or \$500, 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.

Inventory Procedure

Items ordered are delivered to the Charter Office and checked in by the Administrative Assistant of the Education Director. All items are subject to the Charter’s financial policy on tracking an item purchased over \$5,000. Federal items purchased that are considered an electronic device receive identification tags, scanned and recorded on an inventory list kept by the assistant of Federal Programs. These items are then distributed to the appropriate building throughout the Charter. Once they are at the buildings, it is the school administrators’ responsibility to track and monitor the items and report the information to the assistant on a yearly basis.

Inventory Records

For each equipment and computing device purchased with federal funds, the following information is maintained under the same guidelines and restrictions all equipment and computing devices are kept for Hayden Canyon Charter.

Physical Inventory

A physical inventory of the property must be taken and the results reconciled with the property records at least yearly by the Administrative secretary for the Education Director.

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. Procedures are outlined in Hayden Canyon Charter's procedure manual.

Lost or Stolen Items

The Charter maintains a control system that ensures adequate safeguards are in place to prevent loss, damage, or theft of the property which follow the same procedures as described in the district's manual.

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 Charter will not encumber the property without prior approval of the federal awarding agency and the pass-through entity.

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

When no longer needed for the original program or project, the equipment may be used in other activities supported by the federal awarding agency, in the following order of priority: (1) activities under a federal award from the federal awarding agency which funded the original program or project; then (2) activities under federal awards from other federal awarding agencies.

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 Education Director will contact the awarding agency (or pass-through for a state-administered grant) for disposition instructions.

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

If acquiring replacement equipment, the Charter 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

Written Compensation Policies (Time and Effort)

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

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

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

Time and Effort Procedures

Please refer to policy 7235: 7400F. Time and effort documentation is done on a monthly basis for para-professionals and any staff members who receive payment from different grants or federal funding. Certified employees who are paid from only one federal source complete a time and effort report yearly. These time and effort reports are e-copied and stored by the director who oversees the program. They are audited yearly by the director.

Reconciliation and Closeout Procedures

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

1. The LEA has a written procedure for describing time and effort requirements.
 - a) The LEA has a written process to include type of documentation maintained and what the requirements are for the documentation, such as who has to sign the documentation, how often the certifications are completed, whether the certifications are completed on paper

or electronically, if the certification is reviewed by a supervisor, timeframe for reviewing the certification, and sample certifications, and

- b) A description of the close-out procedure that is conducted at the end of the fiscal year addressing that the certifications are annually collected and reviewed for accuracy and appropriate signatures and dates.

2. The LEA has a written process to reconcile actual costs to budgeted distributions.

- a) Multi-funded payroll charges must match the actual distribution of time recorded on the monthly certification documents.
- b) Fully federally funded (100%) payroll charges can be documented semi-annually.

Budget estimates may be used for interim accounting purposes; however, there is a requirement to identify and enter into the records in a timely manner any significant changes in the corresponding work activity. There must be a system of internal controls to review after-the-fact interim charges made to a Federal award based on budget estimates. All necessary adjustments must be made such that the final amount charged to the Federal award is accurate, allowable, and properly allocated. The process description should include:

- a) The position/office that performs the reconciliation;
- b) How often the reconciliation is completed (recommend at least quarterly); and,
- c) The difference between the actual costs and budgeted distributions before adjustments are made (recommend annual adjustments only if the quarterly comparisons show the differences between budgeted amounts and actual costs are less than 10%; and the budget estimates or other distribution percentages are revised at least quarterly, if necessary, to reflect changed circumstances.

3. The LEA has a written procedure for an employee that is separating service from the LEA that addresses when the employee is required to submit final certification.

4. The LEA has written Human Resource Policies that cover:

- a) How employees are hired;
- b) The extent to which employees may provide professional services outside the LEA;
- c) The provision of fringe benefits, including leave and insurance;
- d) The use of recruiting expenses to attract personnel; and
- e) Reimbursement for relocation costs.

Sample Documentation

Hayden Canyon Charter School

FINANCIAL MANAGEMENT

7400F

Time and Effort Documentation

Employee: _____

Position: _____

Reporting Period: _____

Cost Objective (Program Activity)	Fund Code or Program Function Code	Program	Distribution of Time (Percentage of Hours)

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

Employee Signature: _____

Date: _____

Reviewed by Supervisor: _____

Date: _____

Time and effort forms are filled out monthly by the employee. The employee gives the card to their immediate supervisor who e-files the copy for the employee.

The time and effort e-copies are reviewed annually by the department director. Time and effort forms have to be signed on or after the last day of the month. See form of policy 7400F;7235.

Employee Exits

At the time of separation from the Hayden Canyon Charter, an employee is given an exit interview form which is returned to the Human Resource Department. Human Resources review all forms and if a concern is observed then a personal conference is scheduled at that time. The personnel file is kept as an inactive file in peptide. If an employee is reemployed in another district, a copy of their file is sent to the new inquiring district per Idaho Code. Certification is owned by the employee and moves with them as they transfer jobs. If a certified employee is terminated with cause, Hayden Canyon Charter will turn the certified employees name over to the State Department of Education's Professional Standards Commission for their review.

Record Keeping

Record Retention

The Charter 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 Charter also maintains records of significant project experiences and results. 34 C.F.R. § 75.732. These records and accounts must be retained and made available for programmatic or financial audit. The State Department of Education hereby recommends that the LEAs maintain five years and one audit year to comply for their record retention schedule for all federal fiscal and programmatic records, which is a total of six (6) years.

Collection and Transmission of Records

All accounting records kept electronically on the HCC server and any paper copies are kept according to the procedures described in the Hayden Canyon Charter procedure manual.

Access to Records

The Charter 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 Charter 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 Charter's personnel for the purpose of interview and discussion related to such documents.

Privacy

The protections that the Charter has in place to ensure that the personal information of both students and employees is protected. For example, there are password policies that require frequent changes and employees are trained on the requirements of the Family Educational

Rights and Privacy Act (FERPA) by our Community Relations Director. Any request for documentation is completed by the Community Relations Director and is made to ensure the person has the right to the documentation.

Legal Authorities and Helpful Resources

The following documents contain relevant grants management requirements. Staff should be familiar with these materials and consult them when making decisions related to the federal grant.

- Education Department General Administrative Regulations (EDGAR)
 - <http://www2.ed.gov/policy/fund/reg/edgarReg/edgar.html> ↵
- Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (2 CFR Part 200)
 - <http://www.ecfr.gov/cgi-bin/textidx?SID=ccccf77e01c9e6d4b3a377815f411704&node=pt2.1.200&rgn=div5>
- USDE's Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (2 CFR Part 3474)
 - http://www.ecfr.gov/cgi-bin/textidx?SID=ccccf77e01c9e6d4b3a377815f411704&tpl=/ecfrbrowse/Title02/2cfr347_4_main_02.tpl