



# GRANTS MANUAL

PINELLAS COUNTY SCHOOLS

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# **Introduction**

This manual sets forth the policies and procedures used by Pinellas County Schools (the District) to administer federal funds. Federal and State grants are processed through multiple program offices within the District: the Special Projects Office, which handles a broad range of programs, the Title I Office, and the Exceptional Student Education (ESE) Office. The manual contains the internal controls and grant management standards used by the District to ensure that all federal funds are lawfully expended. It describes the District's financial management system, including cash management procedures and 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 rules and practices.

## **I. 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. 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.

### **A. 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 Listings (formerly referred to as 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 District 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 subgrant awards, authorizations, financial 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 District 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 District must maintain written procedures to implement the cash management requirements found in EDGAR.

Please see page 15 for these written cash management procedures.

### ***Allowable Costs***

The District must maintain written procedures for determining allowability of costs in accordance with EDGAR.

Please see page 9 for these written allowability procedures.

## **B. Overview of the Financial Management/Accounting System**

The District uses TERMS as its financial management and accounting system. TERMS holds all the grant budgets and is the primary system used for procurement, inventory, and financial reporting. Budgets are created in TERMS and identified by fund, function, object code, project number, and sub-project and program numbers. TERMS also breaks down which budget line items relate to different schools, departments, charter schools, or private schools. Within TERMS, users can view purchase orders and track where the funding is spent. In addition to TERMS, the District uses two grants management platforms: eCivis is used for grants that come through the Special Projects Office and the Office for Exceptional Student Education (ESE), and FileMaker Pro for the Title I Office. eCivis is a grants management platform that provides a broad look at the grant and the funds being expended and identifies expended funds by object code.

The Title I Office does not use eCivis but instead uses a grants management system called FileMaker Pro. FileMaker Pro is used for budgeting and staffing purposes before the financial information is entered into TERMS.

The program offices are responsible for assuring that the District has the opportunity to participate in and maintain compliance for grant programs available through federal, state, local and private sources. The offices monitor budgetary expenditures, guarantee local commitments, facilitate timely and accurate submission of financial reports, maintain documents for audit purposes, and coordinate implementation activities of multi-department grant projects.

## C. Budgeting

### *Planning the Budget*

The budgeting process differs depending on whether the grant involved falls under the Title I Office, the Office for ESE, or the Special Projects Office. Programs that are primarily administered through the Special Projects Office include Career, Technical, and Adult Education; Title IV; Title VIII; CARES; CRRSAA; and ARP Act. As such, these budgeting procedures will address the Title I and ESE Office procedures separately from the Special Projects Office procedures.

#### *Special Projects Office Grants*

The Special Projects Office begins the budget planning process by evaluating the District's needs and reviewing what is contained in the grant. The federal program offices assess the needs of their respective programs and communicate those to the Special Projects Office. The District collaborates with private schools, charter schools, principals, and department heads to identify specific school needs and inform budget determinations. Budget considerations also include the provisional allocation amount from the State, administrative costs, indirect costs, and adjustments for routine raises. The Special Projects Office calculates and budgets required set-asides for some of the federal grant programs. For example, the Special Project Offices applies a formula to determine the allocation for equitable services under Title VIII of the ESEA based on proportional enrollment.

The department heads, program offices, the Accounting Department, and the Budget Office convene to write the budget in accordance with the grant. Using the provisional allocation as a guide, the District determines whether there will be roll forward funds that might be available. For state-administered programs, the District typically receives the final allocation from the State by early February. Once the District receives the final allocation, the Budget Office and program offices confirm the budget and roll forward funds amount. If the final allocation includes an amount of roll forward funds different from the provisional allocation, the Special Projects Office completes a reallocation of the roll forward funds and drafts an amendment to the budget to determine how roll forward funds will be spent. See page 18 for further discussion on roll forward funds and page 15 for budget amendment procedures.

### *Title I Office Grants*

The Title I Office conducts a four-step comprehensive needs assessment to begin the budgeting process. Using the results of the needs assessment and the provisional allocation, the Title I Office makes budget determinations, starting with which personnel should continue and other Human Resources allocations. The Title I Office writes the budget based on numbers from the current fiscal year and add buffers in case of funding reductions. In addition, schools must submit project applications to assess how they want to earmark Title I funds. Project applications are typically due in March. The Title I Office uses FileMaker Pro for budget planning and staffing purposes before entering the budget into TERMS. TERMS provides visibility into what funds are being spent in real time, while FileMaker Pro shows which funds are encumbered. TERMS and File Maker Pro do not interface with one another. A Title I specialist is responsible for updating encumbered funds in FileMaker Pro.

### *ESE Office Grants*

The ESE Office has several state and federal program grants, including the Individuals with Disabilities Education Act (IDEA). In order to plan the ESE budget, the ESE Office conducts a needs assessment, taking into consideration staffing, all sources of funding, and how IDEA funds might support the District's schools. ESE calculates the early intervening services set-aside under IDEA and receives the maintenance of effort calculation from the Special Projects Office. The ESE budget might utilize funds from Vocational Rehab, Medicaid, or other sources of funding in addition to IDEA, in order to meet the needs of the schools in the District. The ESE Office uses TERMS and eCivis to create the budget and track expenditures.

### ***Reviewing the Budget***

Once a grant budget is drafted, the program director or designee reviews the items in the budget to ensure allowability. The District looks to the assurances provided by the State along with the guidelines in the project application in order to determine which costs are allowable. See page 9 for a discussion on allowability determinations. If a cost is determined to be unallowable, the requesting department will be notified. While developing and reviewing the grant budget, the program offices and Budget Office should keep in mind the difference between direct costs and indirect costs.

*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 benefitted, without effort disproportionate to the results achieved. 2 C.F.R. § 200.1 (*Indirect costs*). 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). Administrative and clerical staff salaries should generally 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 costs are only budgeted at the District level, not by individual schools. The State provides the District with the indirect cost rate. 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.

### ***Approving the Budget***

Once the budget is reviewed for allowability, the budget is sent to the Assistant Superintendent. If the grant budget is under \$10,000, the Associate Superintendent is the highest level of approval required to approve the budget. If the grant budget is between \$10,000 and \$250,000, the budget must receive approval from the Associate Superintendent and the Superintendent. Any budget over \$250,000 must obtain approval from the Associate Superintendent, Superintendent, and the Board. The budget is then sent to FLDOE for approval. Once the final budget is approved, it is entered into TERMS.

### ***Amending the Budget***

For Title I grants, proposed budget modifications or amendments are submitted through FileMaker Pro. For proposed amendments to the ESE budget, the ESE Office staff will initiate an amendment, which is sent to the Special Projects Office for approval, and then is submitted to FLDOE for review. For grants through the Special Projects Office, proposed budget modifications or amendments are submitted via e-mail to the Special Projects Office, which communicates the proposed amendments to FLDOE. FLDOE requires that any changes to the budget be reviewed by the State, although a formal amendment may not be required. Some questions or budget modifications may be addressed informally via email exchanges with FLDOE, while other modifications require the District to proceed through the formal amendment process. Amendments or modifications to the budget only require State approval if the amendment would cause a change to the programmatic scope of the grant. Whether a proposed amendment seeks to change the programmatic scope of a grant is determined by the Special Projects Office. However, the District's best practice is to consult with the State when considering any budget amendments.

If a proposed amendment is determined to change the scope of a grant, it must first receive approval from the Superintendent and the Board. The Superintendent signs the FLDOE Form 150, which requires an explanation as to why the District is requesting the amendment, as well as FLDOE

Form 151, which details the exact budget items that would be changed. Forms 150 and 151 can be found on the District's website. These forms are submitted to FLDOE for approval after being signed by the Superintendent. Amendments for over \$250,000 require approval from the Superintendent, Board, and State, regardless of whether they constitute a programmatic change.

### ***Budget Control***

The District monitors its financial performance by comparing and analyzing actual results with budgeted results. The Special Projects Office monitors grants on a bi-weekly basis, and the Title I Office meets on a quarterly basis with the principals to monitor Title I grants. The program offices also meet with the Budget Office monthly to monitor all federal grants. Project managers and directors have primary visibility over the grant budgets. If monitoring results indicate the District is over or underspending, the District will call a meeting between the Budget Office, the overseeing program office and the Special Projects Office, as applicable, to develop a solution.

## **D. Spending Grant Funds**

### ***Determining Allowability of Costs***

Expenditures must be aligned with approved budgeted items. When determining how the District will spend its grant funds, the program office reviews 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 CFR Part 3474 and 2 CFR Part 200, which are provided in the bulleted list below. The program office must consider these factors when making an allowability determination. Additional helpful questions to ask when making allowability determinations are located on page 14 of this policy.

- **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 the 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 a language skills software program necessary for a limited English proficiency program.

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

- Whether the cost is needed for the proper and efficient performance of the 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. For example, a budget clerk's salary may not be charged as a direct cost if another budget clerk's salary is charges as a direct cost under a different federal grant.
  - **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 include: 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.
- **Incurred during the approved budget period.** Costs must be obligated not only within the grant’s period of performance, but also within an approved budget period. There may be multiple budget periods within a grant’s period of performance. To be allowable, costs must be obligated within an approved budget period. See page 16 for additional detail on timely obligation of funds.

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. The District must follow whichever policy is more restrictive.

*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.

### ***Selected Items of Cost***

Part 200 examines the allowability of 56 specific cost items (commonly referred to as Selected Items of Cost) at 2 C.F.R. §§ 200.420-200.476. These cost items are listed in the chart below along with the citation where it is discussed whether the item is allowable. 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 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.

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

<b>Item of Cost</b>	<b>Citation of Allowability Rule</b>
Advertising and public relations costs	2 CFR § 200.421
Advisory councils	2 CFR § 200.422
Alcoholic beverages	2 CFR § 200.423
Alumni/ae activities	2 CFR § 200.424
Audit services	2 CFR § 200.425
Bad debts	2 CFR § 200.426
Bonding costs	2 CFR § 200.427
Collection of improper payments	2 CFR § 200.428
Commencement and convocation costs	2 CFR § 200.429
Compensation – personal services	2 CFR § 200.430
Compensation – fringe benefits	2 CFR § 200.431
Conferences	2 CFR § 200.432
Contingency provisions	2 CFR § 200.433
Contributions and donations	2 CFR § 200.434
Defense and prosecution of criminal and civil proceedings, claims, appeals and patent infringements	2 CFR § 200.435
Depreciation	2 CFR § 200.436
Employee health and welfare costs	2 CFR § 200.437
Entertainment costs	2 CFR § 200.438
Equipment and other capital expenditures	2 CFR § 200.439
Exchange rates	2 CFR § 200.440
Fines, penalties, damages and other settlements	2 CFR § 200.441
Fund raising and investment management costs	2 CFR § 200.442
Gains and losses on disposition of depreciable assets	2 CFR § 200.443
General costs of government	2 CFR § 200.444
Goods and services for personal use	2 CFR § 200.445

Idle facilities and idle capacity	2 CFR § 200.446
Insurance and indemnification	2 CFR § 200.447
Intellectual property	2 CFR § 200.448
Interest	2 CFR § 200.449
Lobbying	2 CFR § 200.450
Losses on other awards or contracts	2 CFR § 200.451
Maintenance and repair costs	2 CFR § 200.452
Materials and supplies costs, including costs of computing devices	2 CFR § 200.453
Memberships, subscriptions, and professional activity costs	2 CFR § 200.454
Organization costs	2 CFR § 200.455
Participant support costs	2 CFR § 200.456
Plant and security costs	2 CFR § 200.457
Pre-award costs	2 CFR § 200.458
Professional services costs	2 CFR § 200.459
Proposal costs	2 CFR § 200.460
Publication and printing costs	2 CFR § 200.461
Rearrangement and reconversion costs	2 CFR § 200.462
Recruiting costs	2 CFR § 200.463
Relocation costs of employees	2 CFR § 200.464
Rental costs of real property and equipment	2 CFR § 200.465
Scholarships and student aid costs	2 CFR § 200.466
Selling and marketing costs	2 CFR § 200.467
Specialized service facilities	2 CFR § 200.468
Student activity costs	2 CFR § 200.469
Taxes (including Value Added Tax)	2 CFR § 200.470
Telecommunications and video surveillance costs	2 CFR § 200.471
Termination costs	2 CFR § 200.472
Training and education costs	2 CFR § 200.473
Transportation costs	2 CFR § 200.474
Travel costs	2 CFR § 200.475
Trustees	2 CFR § 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.

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.

## ***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(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 §200.475(b).

Please refer to PCS Policy 6550 for the District-specific travel policy.

## ***Helpful Questions for Determining Whether a Cost is Allowable***

In addition to the cost principles and standards described above, the program offices 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 program offices 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, the program office should review data when making purchases to ensure that federal funds are used to address the areas of concern.

## E. Accounting Records

The District documents federal costs as outlined in the Green Book, and documents Florida State costs as outlined in the Red Book. Costs are identified by a project number that starts with a letter. For annual grants, each letter is assigned to year of grant, so with each new year, the District moves to a new letter. Multi-year grants do not receive a new letter each year, but maintain the same letter assigned during the year in which the award was granted. Project numbers designate a line item as a grant item. The District also uses program numbers to identify whether the cost is administrative or programmatic, the grade span associated with the cost, and the specific position involved.

### *Budget Amendments*

To initiate a change to the budget in TERMS, the project manager fills out the District budget amendment form and certifies that there are no programmatic changes being requested. The project manager then submits the form to the overseeing program office for review. In the Special Projects Office, the amendment form is reviewed by a grants specialist. ESE budget amendments are submitted to the Special Projects Office for review and processing. In the Title I Office, the amendment form is reviewed by the Director of Title I. After receiving sign off from the program office, the Budget Office will either complete the transfer or request additional information from the project manager if there are concerns with the request. If at any point during this review process it is determined that the request is a programmatic change, the project manager will need to instead submit a formal budget amendment request to the State. See page 8 for the budget amendment process.

## F. Federal Cash Management

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 FLDOE 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 annually to the U.S. Department of Health and Human Services (HHS) Payment Management System (PMS) in accordance with 2 C.F.R. § 200.305(b)(9). 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 Local Educational Agency (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.

The District returns funds, principal, and excess cash to the original federal agency payment system after reviewing its instructions. If the payment originated from PMS, the District includes the Payee Account Number (PAN) and the PMS document number. If the payment originated



from another federal agency payment system, the District includes the agency information indicating whom to credit the funding and the relevant account number. For either instance, the District includes a reason for the return (e.g., excess cash, funds not spent, interest, part interest part other, etc.) 2 C.F.R. § 200.305(b)(10).

### ***Payment Methods***

*Reimbursements:* The District will charge funds within the grant projects and then request reimbursement based on those expenditures.

The Director of Accounting or designated Financial Analyst will request reimbursement for actual expenditures incurred under the federal grants on a monthly basis. Reimbursement requests are prepared by a financial reporting analyst within the Finance organization. TERMS expenditure reports are the basis of the request. The reimbursement requests are then reviewed by the Director of Accounting prior to entry of the request in the grant system (FLAGS or G5). All reimbursements are based on actual disbursements, not on obligations.

Consistent with state and federal requirements, the District will maintain source documentation supporting the federal expenditures (invoices, time sheets, payroll stubs, etc.) and will make such documentation available for FLDOE's review upon request.

Reimbursements of actual expenditures do not require interest calculations.

*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. 2 CFR § 200.305(b)(8). The District will calculate interest earned on cash balances after funds are deposited into the District's account.

Interest will be calculated annually, consistent with state requirements. Total federal grant cash balances will be calculated on cash balances per grant and applying the District's actual interest rate. When returning interest paid through PMS, the District provides an explanation stating that the refund is for interest, lists the PMS Payee Account Number and the federal award number, and makes the return payable to HHS. When returning interest not paid through PMS, the District includes the name of the awarding agency instead of the PMS Payee Account Number, though returns must still be made payable to HHS. 2 CFR § 200.305(b)(9)(i)-(ii). The District may retain up to \$500 of interest earned per year.

## **G. Timely Obligation of Funds**

### ***When Obligations are Made***

Financial obligations, when referencing a recipient's or subrecipient's use of funds under a federal award, means orders placed for property and services, contracts and subawards made, and similar transactions that require payment. 34 C.F.R. § 200.1 (*Financial obligations*)

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

<b>If the obligation is for:</b>	<b>The obligation is made:</b>
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 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 financial obligations must occur on or between the beginning and ending dates of the grant project. 34 C.F.R. §76.707. This time interval between the start of a federal award and the planned end date is known as the period of performance (also called the period of availability). 2 C.F.R. § 200.1 (*Period of performance*). The period of performance consists of either one, or many, funded portions or budget periods during which the District is authorized to spend award funds. For a cost to be allowable, it must be incurred in the appropriate budget period. 2 C.F.R. § 200.403(h). The period of performance and budget period are indicated in the federal award. Further, certain grants have specific requirements for roll forward funds that must be adhered to.

*State-Administered Grants:* As a general rule, State-administered federal funds are available for obligation within the year for which Congress appropriates the funds. 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 roll forward funds. 34 C.F.R. 76.709. For example, funds awarded on July 1, 2020 would remain available for obligation through September 30, 2022.

*Direct Grants:* In general, the period of availability for funds authorized under direct grants is identified in the Grant Award Notification (GAN).

For both State-administered and direct grants, regardless of the period of performance, the District must liquidate all financial obligations incurred under the award no 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 timeframe will lapse and must be returned to the awarding agency. 2 C.F.R. 200.344(d).

### ***Roll Forward Funds***

*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 roll forward 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.

*Direct Grants:* Grantees receiving direct grants are not covered by the 12-month Tydings period. However, under 2 C.F.R. 200.308, direct grantees have 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 State 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 must not be exercised merely for the purpose of using unobligated balances.

The District must seek prior approval for the extension from the federal agency if any of the following apply:

- 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(e)(2).

Project managers make program extension requests directly to the grantor, if necessary.

## **H. 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. § 200.1 (*Program income*).

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. § 200.1 (*Program income*). 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 GAN prior to determining the appropriate use of program income.

## **II. Procurement System**

Project managers, the Purchasing Department, and the various program offices are responsible for grant procurement requirements. The District maintains the following purchasing procedures.

### **A. Purchase Methods**

#### ***Requisition Orders***

Requisition orders (ROs) are used to order equipment, supplies, A-V, books, and other purchased goods or services. At the school level, any teacher or staff may initiate the purchasing process by submitting a RO, which then must be signed by the school principal and sent to the program office. At the District level, the project manager or designee initiates the RO.

ROs must identify the following:

- (1) funding source;
- (2) project with which the purchase requisition is associated;
- (3) object code; and
- (4) cost center.

ROs at both the school and District level must be entered into the TERMS system for review by the Purchasing Department. In the schools, the ROs are entered into TERMS by the bookkeeper and must be approved at two levels—by the cost center and by the project manager. At the District, ROs must be approved by the Expense Authorizer at the cost center (same as at the school level) and by the program office director or designee.

*Pre-Approval:* The purchasing process may also be initiated through the District’s online pre-approval form. For schools, the pre-approval form should be submitted to the project manager, who then pulls the grant for the school and reviews the request. If the project manager confirms that the requested purchase is within the grant and within the school budget, the bookkeeper enters the request into TERMS. Once the RO is entered into TERMS, it must be approved by the cost center and by the project manager. Even if the request was initiated through the pre-approval procedures, these two levels of approval are required in TERMS. ROs at the District level may request pre-approval through the program office. After the RO is approved at each requisite level, the RO is sent to the Purchasing Department.

If adequate bids are not submitted with the RO, the project managers work with the Purchasing Department to request bids. The District uses a third-party platform called Public Purchase to solicit bids. Vendors register on Public Purchase, where they can view posted solicitation notices, free of charge. Vendors are required to register with Public Purchase in order to view bid/quote solicitations. If the requested item is on a District contract, no additional bids are required. The specific type of purchase procedures required depends on the estimated dollar threshold of the procurement. The following sections of this manual outline the required procedures for micro-purchases, small purchases, and purchases over \$50,000.

### ***Purchases up to \$10,000 (Micro-Purchases)***

A micro-purchase is a purchase of supplies or services using simplified acquisition procedures, the aggregate amount of which does not exceed **\$10,000**. The micro-purchase method is used in order to expedite the completion of its lowest-dollar small purchase transactions and minimize the associated administrative burden and cost. ROs for micro-purchases do not require School Board approval or more than one quote. However, the District’s best practice is to obtain at least two bids for micro-purchases (when it is feasible to do so).

To the maximum extent practicable, the District distributes micro-purchases equitably among qualified suppliers. Buyers within the Purchasing Department review ROs for micro-purchases within TERMS against recent purchases to ensure this distribution.

Micro-purchases may be awarded without soliciting competitive price or rate quotations if the District considers the price to be reasonable based on research, experience, purchase history, or other information and filed documents. The District maintains evidence of this reasonableness in the records of all micro-purchases. Please see page 9 for written procedures on how to determine whether a price is reasonable.

Under 2 C.F.R. § 200.320(a)(1)(iv), the District may self-certify an increase of its micro-purchase threshold up to \$50,000 if the District is a low-risk auditee or conducts an annual internal institutional risk assessment to identify, mitigate and manage financial risks. The self-certification

must include a justification, clear identification of the threshold, and supporting documentation. At this time, the District has not certified a micro-purchase threshold over \$10,000.

### ***Purchases between \$10,000 and \$50,000 (Small Purchases)***

A small purchase is the acquisition of property or services, for which the aggregate dollar amount is higher than the micro-purchase threshold of **\$10,000** but does not exceed **\$50,000**. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources as determined appropriate by the Purchasing Department.

The Purchasing Department requires that ROs for small purchases between **\$10,000 - \$25,000** be documented by least three written quotes. Small purchases between **\$25,000 - \$50,000** require three written quotes *and* an additional level of approval by the Executive Director or by a position equal to or more senior than the Executive Director. Additionally, if the RO is in excess of \$10,000, an agreement must be executed by the requesting school or department that includes a termination clause, addressing termination for cause and for convenience, including the manner by which termination will be affected and the basis for settlement. In the absence of an executed agreement, the approved purchase order is considered the contract and contains the applicable terms and conditions, including termination for cause or convenience.

### ***Purchases Over \$50,000***

The District requires formal advertised procurement procedures to be followed for any purchase greater than \$50,000. All purchases over \$50,000 must be approved by the Board, regardless of which procurement method is used.

*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 qualified sources, providing them sufficient response time prior to the date set for opening the bids, for state, local, and tribal governments, the invitation for bids must be publicly 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.

*Best Value Procurement:* A procurement method in which either a fixed price or cost-reimbursement type contract is awarded. Proposals are generally used when cost is not the only factor considered for award. They are awarded in accordance with the following requirements:

- 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.

Competitive Negotiation (Competitive Consultant Negotiation Act (CCNA)) F.S. 287.055(5) establishes procedures for obtaining the professional services of architects, engineers and other design professionals. In compliance with this statute, the Purchasing Department uses a Request for Qualifications (RFQ). Contract award for this procedure is based on a number of factors including qualifications and experience of the firm and where fair and reasonable cost is negotiated at the end of the process and is not a factor of the award.

No matter the procurement method, once the RO is received by the Purchasing Department, buyers review the RO by checking for timeliness, verifying object codes, and ensuring the RO has the required number of bids from qualified sources.

When the buyers approve the RO, the RO is batched overnight and becomes a purchase order (PO) the following morning. The Purchasing Department maintains a paper file copy of the PO and prints one copy for the vendor, one for the Accounting Office, and two copies for the requesting school or department, one of which is the receiver and is sent back to Accounting for payment once goods and/or services are received. All documentation from the RO process is attached to the PO, along with the terms and conditions. Before POs are sent out, the Director of Purchasing or Manager of Purchasing conducts a final review for accuracy. In order to confirm that goods and/or services were received in accordance with the PO, the school or District will sign the receiving copy of the PO upon receipt and send that documentation to the Accounting Office.

*Contract/Price Analysis:* The District performs a cost or price analysis 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, buyers in the Purchasing Department must come to an independent estimate prior to receiving bids or proposals. 2 C.F.R. § 200.324(a). This analysis and estimate will be documented in the paper file containing the PO, maintained by the Purchasing Department. Buyers use a checklist to complete this price analysis

When performing a cost analysis, buyers negotiate 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).

### ***Noncompetitive Proposals (Sole Sourcing)***

There are specific circumstances in which noncompetitive procurement can be used. Noncompetitive procurement can only be awarded if one or more of the following circumstances apply:

- Micro-purchases
- The item is available only from a single source;
- The public exigency or emergency for the requirement will not permit a delay resulting from publicizing a 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.

If the District or a school determines an item is eligible for sole sourcing, the State requires the request to be posted on the District website for at least 7 business days. Any project or item for which the cost is equal to or greater than \$50,000 requires approval from the School Board, regardless of which procurement method is used. A cost or price analysis will be performed for noncompetitive proposals when the price exceeds \$150,000. 2 CFR 200.324.

### ***Purchase Cards***

The District generally does not use purchase cards on grant purchases but does permit use of purchase cards for pre-approved grant-related travel. Purchase cards are assigned to cost centers and may be issued to schools or personally to maintenance employees. The school bookkeeper is responsible for administration involved with purchase cards at the school, which includes sign-out and return of purchase cards.<sup>1</sup>

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<sup>1</sup> See the District's purchase card procedures in the Special Projects Office Grants Management Handbook 2020-2021, Pg. 17-19.



## B. Full and Open Competition

All procurement transactions for the acquisition of property or services required under a Federal award must be conducted in a manner providing full and open competition consistent with 2 C.F.R §§ 200.319 and 200.320. 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 are 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 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.

### ***Domestic Preference for Procurement***

The District, to the greatest extent practicable, provides a preference for the purchase, or acquisition, of goods and products produced in the United States. The District includes this preference in all contracts and purchase orders for work or products using federal funds.

### ***Prohibition on Certain Telecommunications Companies***

The District will not procure, enter into a contract to procure, or extend or renew a contract to procure covered telecommunications and video surveillance equipment or services described in Public Law 115-232, section 889. Covered telecommunications and video surveillance equipment or services are those produced by Huawei Technologies Company, ZTE Corporation, Hytera Communications Corporation, Hangzhou Hikvision Digital Technology Company, or Dahua Technology Company, or any subsidiary or affiliate of such entities. 2 C.F.R. § 200.216.

## ***Never Contract with the Enemy***

The District complies with the regulations implementing Never Contract with the Enemy in 2 CFR part 183 prohibiting contracts, grants and cooperative agreements that exceed \$50,000, are performed outside the U.S. and its territories, and are in support of a contingency operation in which members of the Armed Forces are actively engaged in hostilities. 2 C.F.R. §200.215.

## ***Prequalified Lists***

The District 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 District must not preclude potential bidders from qualifying during the solicitation period.

## ***Solicitation Language***

The District must ensure that all solicitations incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description must not, in competitive procurements, contain features which unduly restrict competition. The description may include a statement of the qualitative nature of the material, product or service to be procured and, when necessary, must set forth those minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use. Detailed product specifications should be avoided if 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 offerors must fulfill and all other factors to be used in evaluating bids or proposals. 2 C.F.R. §200.319(d)(1)-(2).

## **C. Federal Procurement System Standards**

### ***Avoiding Acquisition of Unnecessary or Duplicative Items***

The District must avoid the acquisition of unnecessary or duplicative items. All ROs must be checked against recent purchase history to be approved. 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. Please see page 9 for written procedures on determining allowability.

### ***Use of Intergovernmental Agreements***

To foster greater economy and efficiency, the District 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 District 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 District 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 District may not subcontract with or award subgrants to any person or company who is debarred or suspended. The buyers in the Purchasing Department are 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/>. In addition, vendors are required to sign a certificate verifying that they are not suspended or debarred. Once signed, this form is kept on record with the PO.

### ***Maintenance of Procurement Records***

The District must maintain records sufficient to detail the history of all procurements. These records will include, but are not necessarily limited to, the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, the basis for the contract price (including a cost or price analysis), and verification that the contractor is not suspended or debarred.

### ***Time and Materials Contracts***

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

Since this formula generates an open-ended contract price, a time-and-materials contract provides no positive profit incentive to the contractor for cost control or labor efficiency. Therefore, each contract must set a ceiling price that the contractor exceeds at its own risk. Further, the District must assert a high degree of oversight 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 District alone is responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising out of procurements. These issues include, but are not limited to, source evaluation, protests, disputes, and claims. These standards do not relieve the District of any contractual responsibilities under its contracts. Violations of law will be referred to the local, state, or federal authority having proper jurisdiction.

## ***Protest Procedures to Resolve Dispute***

The District maintains protest procedures to handle and resolve disputes relating to procurements and, in all instances, discloses information regarding the protest to the awarding agency. The protest procedures are located on the District's Purchasing Department webpage here: [https://www.pcsb.org/cms/lib/FL01903687/centricity/domain/187/Bid\\_Protest\\_Procedure.pdf](https://www.pcsb.org/cms/lib/FL01903687/centricity/domain/187/Bid_Protest_Procedure.pdf)

## **D. Conflict of Interest Requirements**

### ***Standards of Conduct***

In accordance with 2 C.F.R. §200.318(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.

Consistent with the District's conflict of interest policy, the District completes a conflict of interest form, signed by all selection committee members, for all requests for proposals exceeding \$50,000. The District's conflict of interest policy can be found in the School Board Bylaws and Policies here: <https://go.boarddocs.com/fl/pcsfl/Board.nsf/vpublic?open>. Section 1129 provides the conflicts policy for administrators, Section 3129 provides the policy for instructional staff, and Section 4129 contains the policy for support staff.

### ***Disciplinary Actions***

Please refer to PCS Policy 1220 for the District's policy on disciplinary actions to be taken against an individual who violates the standards of conflict.

## ***Mandatory Disclosure***

Upon discovery of any potential conflict, the District will disclose in writing the potential conflict to the federal awarding agency in accordance with applicable federal awarding agency policy. Elected District officials and some other District staff members must disclose in writing any conflicts at least on an annual basis. The Purchasing Department coordinates with these officials and staff to ensure processing of all required disclosure forms. The District also discloses in writing to the federal awarding agency or pass-through all violations of federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the award.

### **E. Contract Administration**

For purchased services, the Project Director or designee must confirm the services were satisfactorily performed and include that documentation in TERMS. For purchased goods, inspection, receipt, tagging, and distribution is confirmed in accordance with the Inventory Procedures described on page 30. Contract disputes or concerns should be elevated to the Purchasing Department to be resolved through supplier communication and notice to cure procedures.

## **III. 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 capitalization level established by the District for financial statement purposes, which is \$1,000. 2 C.F.R. §200.1 (*Equipment*). Regardless of this threshold, the District treats any computing device valued between \$300-\$1,000 as equipment to be inventoried.

Supplies means all tangible personal property other than Equipment. 2 C.F.R. §200.1 (*Supplies*).

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. §200.1 (*Computing devices*).

Capital assets means tangible or intangible assets used in operations having a useful life of more than one year 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 a lease accounted for as a financed purchase under Government Accounting Standards Board (GASB) standards or a finance lease under Financial Accounting Standards Board (FASB) standards; 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. §200.1 (*Capital assets*).

## B. Inventory Procedure

Inventory may be received by the school or department that initiated the order, which is identified on the Purchase. Once the asset is received, the receiving school or department will match the asset to the Purchase Order and complete the Receiver Form. The signed Receiver Form is sent to Accounting for processing. The Library Media Technician then completes the Tagging Addendum, which is entered into TERMS by the Auditing and Property Records Department. TERMS generates a scannable barcode which is used to tag the inventory. The barcode is sent to the school or department in receipt of the inventory, who is responsible for tagging the assets with the barcodes.

The District's policy is to tag and inventory every item with a value of over \$1,000. In addition, all computing devices valued between \$300-\$1,000 are also tagged and inventoried. Other items that might not meet the \$1,000 threshold but still receive barcode tags include police force guns and tasers or drones. For non-tangible items such as a computer operating system or other software, the receiving school or department tags a tangible item in close relation to the asset, such as the software manual.

## C. Inventory Records

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

- 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.

## D. Lost, Stolen, or Missing Equipment

In the event that inventory is stolen or lost, a form must be completed by the department that the item is registered to reporting the stolen or lost item and sent to Risk Management for processing. The Risk Management Office will determine whether the loss of the item was negligent. In the event that the Risk Management Office finds that the loss of the item was negligent, the Risk Management Office will submit a written communication to the responsible employee and issue a verbal or written reprimand. In addition, the Risk Management Office reviews procedures and proposes any necessary changes. A police report should be filed for stolen inventory.

If an asset is missing, meaning that there was no known incident or theft but the school or department is unable to locate the asset, the cost center conducts research on where the asset might be. The school or department then receives an additional five days to attempt to locate the inventory. If after this investigation process the asset cannot be located, the asset is reported in TERMS as M1, meaning missing as of first year. At the end of the second year of the asset being missing, if the asset has still not been recovered, it is reported in TERMS as M2, meaning missing as of second year. Once the asset receives the M2 designation, it is sent to the Board for review, which makes a determination whether to retire the asset. Inventory must be reported as missing for two years and coded as M2 in TERMS before going to the Board for approval to retire.

### E. Physical Inventory

The federal rules require that a physical inventory of the property be taken and the results reconciled with the property records at least once every two years, but the District conducts inventory and reconciles the results on an annual basis.

The Auditing and Property Records Office is responsible for conducting the physical inventory, which is led by the cost center clerks and occurs on an ongoing, year-round basis. Before beginning the inventory process, the cost center clerks print the property records of existing inventory to use as a guide for reconciliation. The clerks walk through each location with inventory and note of all present assets and the assets which they were unable to locate. The clerks then do a second pass through the physical spaces to search specifically for the unlocated assets. For inventory sent home to staff or with students, the custodian will notify all staff or students of when the assets, such as laptops, must be called back to the school or department for inventory. The final inventory results are recorded and reconciled in TERMS, and the working papers from the inventory process are stored on the site of where each inventory took place. The Auditing and Property Records Office drafts a single report for the Board compiling all results of the inventory, including dollar values of the located and unlocated inventory.

### F. 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.

When an employee is assigned equipment, the employee and supervisor or principal must complete and sign the Employee Assignment List. This form is filled out annually. Parents, staff, and custodians must also record and authorize equipment taken home by students. Students are to check out any computer when used and check it back in once returned to school.

If an asset is broken or damaged, a work order should be submitted to the Library Media Technician (LMT) to initiate repairs. Technology Information Systems is the internal office responsible for maintenance of assets, but the LMT will also refer some technology repairs to Dell through the District's contract.

## G. 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 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.

If the inventory is a tagged asset, an asset transfer is initiated and processed through TERMS. The current custodian must sign off and authorize the transfer, and the new custodian must sign off upon receipt of the asset. The new custodian will also complete a new Receiver Form for the inventory. If the asset was originally purchased using federal funds, there will be an additional “special projects” field in TERMS in order to ensure consistency with federal requirements in transferring the asset to other federal programs.

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.

## H. 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 Accounting and Property Records Office will contact the awarding agency or pass-through 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.



## **IV. Written Compensation Policies**

### **A. 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***

In order to meet the above requirements, the Special Projects Office requests, collects and records two types of documentation, the Personnel Activity Reports (PAR) and Semi-Annual Reports. The PAR is a federal requirement of each employee working on multiple cost objectives whose salary is either fully or partially paid from federal funds. The Semi-Annual report is a federal requirement of employees paid out of a single federal award or cost objective. Payroll provides the Special Projects Office with a list of federally funded employees who must keep time and effort documentation. For verification of an employee’s Salary Distribution, you may reference the B08 page in TERMS.

The Special Projects office distributes PAR reports to all employees via a link to online form. These employees are given a salary code and a federal program number which identifies the federal cost objective. Using the PAR, the District records and certifies time for employees paid with multiple cost objectives three times a year—in October, January, and April. The District requires the employee submits the information as a digital signature for the PAR. Employees must document the actual amount of time they worked on each cost objective each day of the selected month, not just the time allocated to a cost objective in the budget. Each PAR also contains a field for employees to enter notes or comments.

The District records and certifies time for employees paid in whole or in part with federal funds three times a year—in October, January, and April. Employees must document the actual time they worked on each cost objective, not just the time allocated to a cost objective in the budget. Each PAR also contains a field for employees to enter notes or comments.

Using the Semi-Annual report, the District records and certifies time worked where employees spent 100% of their time worked for one cost objective. The information for the report is generated by the Payroll department twice annually. The January report covers July 1st to December 31st and the July report covers January 1st to June 30th. The District requires for each Semi-Annual the principal/supervisor sign to certify that the employee(s) worked during that time.

### ***Reconciliation and Closeout Procedures***

Once submitted, PARs and Semi-Annuals are sent back to the Special Projects Office, where they check to make sure all forms have been received and check for completion. Once checked, Special Projects saves all forms returned. The reports are saved for a period of 5 years.

The Special Projects Office collects and retains the PARS electronically on the District's SharePoint. If the Special Projects Office finds no discrepancies in the completed PARs, the PARs are sent to Payroll for processing.

If, after reviewing a PAR, the Special Projects Office determines that an employee is not working according to the budget or if there is a discrepancy in the recorded time, the Special Projects Office will initiate a meeting with the project manager and school principal. In making a determination about a difference in recorded time vs. time budgeted, the Special Projects Office, project manager, and principal will consider the funding sources, available funds, and whether amendments to the budget might be necessary. All amounts ultimately charged to the federal award must be accurate, allowable, and properly allocated.

When a grant is closed out, the financial reporting analyst responsible for grants ensures all invoices have been paid and the final indirect cost journal entry has been booked. The final drawdown is completed. Then a project expenditure report (216) from TERMS is run to use as the basis for preparing the FA399. The FA399 is reviewed by management prior to submission.

### ***Staffing Model***

A Staffing Model must be completed annually or if a department is proposing staffing changes, documenting the names and budgeted salaries of employees to be funded by a project. The staffing model is updated when the District hires new employees. The staffing model template is provided by the Special Projects Office and is submitted to the Special Projects Office promptly after its initial completion and when changes are made.

### ***Stipends***

A stipend is payment to school employees and contractors who officially request to participate in professional development outside of normal duty hours, provided that prior approval is obtained from the appropriate supervisor or principal. Upon completion of the professional development, the school or department completes a Stipend Payment Form, reflecting the project to be charged.

The project manager signs the form and submits it to the Special Projects Office, which reviews and approves the stipend form before forwarding it to Payroll for processing.

## **B. Human Resources Policies**

<https://www.pcsb.org/Page/28309>

# **V. Record Keeping**

## **A. 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. § 200.334.

After three years, records are archived offsite in Central Records. After five years, records are destroyed consistent with Florida's record retention schedule.

## **B. 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.

## **C. Privacy**

<https://www.pcsb.org/Page/15088>

## VI. Emergency Policies and Procedures

<https://www.pcsb.org/Domain/180>

## VII. 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.

Private Schools: <https://www.pcsb.org/Page/37923>

Charter Schools: <https://www.pcsb.org/Page/38061>

Community teacher grants: <https://www.pcsb.org/Page/37917>

## VIII. 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/text-idx?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/text-idx?SID=ccccf77e01c9e6d4b3a377815f411704&tpl=/ecfrbrowse/Title02/2cfr3474\\_main\\_02.tpl](http://www.ecfr.gov/cgi-bin/text-idx?SID=ccccf77e01c9e6d4b3a377815f411704&tpl=/ecfrbrowse/Title02/2cfr3474_main_02.tpl)
- Federal program statutes, regulations, and guidance
  - <http://www.ed.gov/>
- State regulations, rules, and policies
  - <https://www.flrules.org/>

- District regulations, rules, and policies
  - <https://www.pcsb.org/Page/2784>
- Organizational Chart
  - <https://www.pcsb.org/Page/1666>

# **PINELLAS COUNTY SCHOOL BOARD**

Lisa N. Cane, Chairperson  
Laura Hine, Vice-Chairperson  
Carol J. Cook  
Caprice Edmond  
Eileen M. Long  
Stephanie Meyer  
Dawn Peters

## **MISSION**

Educate and Prepare Each Student for  
College, Career and Life

## **VISION**

100% Student Success

## **CORE VALUES**

Commitment to children, families and  
community  
Respectful and caring relationships  
Cultural competence  
Integrity  
Responsibility  
Connectedness

