

FEDERAL FISCAL COMPLIANCE

Code **DDA Issued DRAFT/24**

NOTE: Each district's policies for federal fiscal compliance must reflect the processes and procedures the district actually uses. This model policy is intended to be a generic shell to which the board should add district-specific information in order to ensure that all requirements of the Uniform Grant Guidance are met. Information related to SCDE grants programs and training resources can be found at <https://ed.sc.gov/finance/grants/scde-grants-program/training-resources/>. Uniform Grant Guidance and resources by the USDE can be found at <https://www2.ed.gov/policy/fund/guid/uniform-guidance/index.html>.

The district intends to comply with all requirements for state and federal grants and awards imposed by law, the awarding agency, or an applicable pass-through entity (e.g., the South Carolina Department of Education). To the extent that any provision of a board policy is contrary to federal law, regulation, term, or condition applicable to a federal award, staff must follow the applicable federal requirement.

Delegation of Responsibility

The federal programs coordinator will develop, monitor, and enforce effective financial management systems, internal control procedures, procurement procedures, and other administrative procedures as needed to provide reasonable assurance that the district is in compliance with all requirements of state and federal grants and awards. At minimum, these procedures will include methods for the following:

- identification of all federal funds received and expended and the federal programs under which they were received
- accurate, current, and complete disclosure of the financial results of each federal award or program in accordance with federal requirements
- identification of the source and application of funds for federally-assisted activities
- effective control and accountability for all funds, property, and other assets to ensure that they are used solely for authorized purposes
- comparison of actual expenditures versus budgeted amounts for each federal award
- implementation of the cash management requirements established by the Education Department Administrative Regulations (EDGAR), the Uniform Grant Guidance (UGG), or any other applicable binding authority
- determination and documentation of allowability of all costs charged to each federal award

These systems and procedures will be approved by the superintendent.

Conflicts of Interest

No staff member, board member, or agent of the district 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. A conflict of interest would arise when the staff member, board member, 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 these parties has a financial interest in or a tangible personal benefit from a firm considered for a contract.

No staff member, board member, or agent of the district may solicit or accept any gratuities, favors, or items from a contractor or party to a subcontract for a federal grant or award; however, they may accept one single unsolicited item with a value of \$10 or less or multiple unsolicited items from a single contractor or subcontractor having an aggregate monetary value of \$10 or less in a 12-month period.

Any person who has a potential conflict of interest will disclose that contact immediately in writing to the superintendent and will not participate in the selection, award, or administration of a contract supported by a federal grant or award. The superintendent will disclose any potential conflict of interest in writing to the federal awarding agency or pass-through entity in accordance with applicable federal awarding agency policy.

Violations of conflict of interest policy

Any person who suspects an individual has violated the conflict of interest policy will report their suspicions immediately to the superintendent. These reports will be treated as confidential to the extent permitted by law, however, limited disclosure may be necessary for purposes of investigation. Neither a staff member nor a member of the board will unlawfully retaliate against a person who in good faith reports such information.

Upon receipt of such information, the superintendent, in coordination with legal counsel and other individuals as appropriate, will promptly investigate the claim. If a real or apparent conflict of interest is found, the superintendent will report such information to the board and make a recommendation for appropriate disciplinary action, which may include termination of the staff member, cancellation of the district's relationship with the contractor or vendor, and referral to law enforcement, where appropriate. The board will determine the final disposition of the matter. The district will promptly disclose all violations in writing to the federal awarding agency and pass-through entity.

Disclosure Requirements

The superintendent will disclose in writing to the federal awarding agency in a timely manner all violations of federal criminal law involving fraud, bribery, or gratuities potentially affecting any federal award. The superintendent will fully address any such violations promptly and will notify the board accordingly. The board may request the superintendent to develop a plan of correction for board approval in appropriate situations as determined by the board.

Cash Management Procedure

Generally, the district receives federal grant funds from the South Carolina Department of Education (SCDE) on a reimbursement basis. However, under some circumstances, the district may receive an advance of federal grant funds.

Reimbursements

The district will initially charge federal grant expenditures to nonfederal funds. The finance officer will request reimbursement for actual expenditures incurred under the federal grants quarterly. Such requests will be submitted with appropriate documentation and signed by the requestor. Requests for reimbursements will be approved by the finance approver, as assigned by the finance officer.

Reimbursements will be submitted on the appropriate form to the SCDE. All reimbursement requests will be based on actual disbursements and not on obligations. Consistent with state and federal requirements, the district will retain source documentation supporting the federal expenditures (invoices, time sheets, payroll stubs, etc.) and will make such documentation available to the SCDE to review upon request.

Advances

The district will plan for cash flow in the grant project during the budget period and review project cash requirements before each drawdown and will draw down only the amount of funds necessary to meet the immediate needs of the program/project (including the proportionate share of any allowable indirect costs). When applicable, the district will use existing resources available within a program before requesting additional advances. Such resources include program income (including repayments to a revolving fund), rebates, refunds, contract settlements, audit recoveries, and interest earned on such funds.

When the district receives advance payments of federal grant funds, it must minimize the time elapsing between the transfer of the funds to the district and the expenditure of those funds on allowable costs of the applicable federal program. The district will attempt to expend all advances of federal funds for expenditures that comply with all applicable grant requirements as soon as administratively feasible but within no more than 72 business hours of receipt absent exceptional, documented circumstances.

The district will hold federal advance payments in insured, interest-bearing accounts. The district is permitted to retain for administrative expenses up to \$500 per year of interest earned on federal grant cash balances. Regardless of the federal awarding agency, interest earnings exceeding \$500 per year will be remitted annually to the Department of Health and Human Services Payment Management System (PMS). Pursuant to federal guidelines, interest earnings will be calculated from the date that the federal funds are drawn down from the G5 Grants Administration System until the date on which those funds are disbursed by the district. Remittance of interest will be the responsibility of the finance officer.

Procurement Procedures

All purchases for property and services made using federal funds must be conducted in accordance with all applicable federal, state, and local laws and regulations; the UGG; and the district's written policies and procedures. The district will generally follow the South Carolina Procurement Code (policy DJ, Purchasing), however, it will modify these procedures when making purchases for federally funded purposes to which the UGG or United States Department of Agriculture (USDA) regulations apply so as to comply with both state and federal requirements.

In its procurement practices, the district will:

- Prepare written procedures for all procurement transactions to ensure that all solicitations incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured and identify all requirements that the vendor must fulfill and all other factors to be used in evaluating bids or proposals
- Ensure that lists of prequalified vendors remain current and include enough qualified sources to ensure maximum open and free competition
- Maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders
- Avoid acquisition of unnecessary or duplicative items, giving consideration to consolidating or breaking out procurements to obtain a more economical purchase and, where appropriate, conducting an analysis of lease versus purchase alternatives, and any other appropriate analysis to determine the most economical approach
- Enter into state and local intergovernmental agreements or inter-entity agreements where appropriate for procurement or use of common or shared goods and services
- Use federal excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs

- Use value engineering clauses in contracts for construction projects of sufficient size to offer reasonable opportunities for cost reductions when possible
- Award contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement, giving consideration to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources
- Consult the awardee integrity and performance portal [currently the Contractor Performance Assessment Reporting System (CPARS)] accessible through the federal System for Award Management (SAM) [currently the Past Performance Information Retrieval System (PPIRS)] to ensure that no contract is awarded to a contractor who is suspended or disqualified from eligibility for participation in federal assistance programs or activities
- Maintain records sufficient to detail the history of procurement, including, but not limited to, rationale for the method of procurement, selection of contract type, contractor selection or rejection, the basis for the contract price, and verification that the contractor is not suspended or disqualified
- Use a time and materials type contract only after a determination that no other contract is suitable and if the contract includes a ceiling price that the contractor exceeds at its own risk and assert a high degree of oversight in order to obtain reasonable assurance that contractor is using efficient methods and effective cost controls
- Be responsible, in accordance with good administrative practice and sound business judgement, for the settlement of all contractual and administrative issues arising out of procurements, including, but not limited to, source evaluation, protests, disputes, and claims
- Avoid situations that unnecessarily restrict competition, including, but not limited to, unreasonable qualification requirements for receiving school system business, unnecessary experience or excessive bonding requirements, noncompetitive pricing practices between firms or companies, noncompetitive contracts to consultants that are on retainer contracts, brand name specifications in lieu of allowing equivalent products that meet performance or other relevant requirements, or any arbitrary procurement actions
- Use noncompetitive procurement only in the circumstances allowed by the UGG
- Exclude individuals or organizations that develop or draft specifications, requirements, statements of work, and/or invitations for bids, requests for proposals, or invitations to negotiate from competing for such purchases

Travel Reimbursement

The district will reimburse administrative, professional, and support staff members and school officials for travel costs incurred in the course of performing services related to official business as a federal grant recipient. For purposes of this policy, travel costs are defined as the expenses for transportation, lodging, subsistence, and related items incurred by employees while on official business of the district as related to the federal grant.

Costs incurred by district staff members for travel, including costs of lodging, other subsistence, and incidental expenses, must be considered reasonable and otherwise allowable. If these costs are charged directly to the federal award, documentation must be maintained that justifies that participation of the individual is necessary to the federal award and the costs are reasonable and consistent with the district's established travel policy (policies BID, Board Member Compensation

and Expenses, and DKC, Expense Authorization/Reimbursement). *[DRAFTER'S NOTE: Include specific information regarding reimbursement rates and submission/payment procedures as detailed in district policy.]*

All travel costs must be presented with an itemized, verified statement prior to reimbursement. The validity of payments for travel costs for all district staff members will be determined by the federal programs coordinator.

Allowability Procedures

District expenditures for a federal grant must be allowed under the individual program, aligned with approved budgeted items, and be in accordance with the cost principles established in the UGG, including how charges made to the grant for personnel are to be determined. When determining how the district will spend its grant funds, the federal programs coordinator 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.

The district will consider the general cost guidelines in the UGG, as well as the UGG rules for specific types of items, when determining whether a cost is an allowable expenditure of federal funds. The district will also ensure that any proposed costs are allowable under the applicable program statute along with the accompanying program regulations, nonregulatory guidance, and grant award notifications. When there is a conflict between guidelines, whichever allowability requirements are stricter will govern whether a cost is allowable.

The district will only charge costs to a federal grant when the cost is:

- reasonable and necessary for the program
- in compliance with applicable laws, regulations, and grant terms
- allocable to the grant
- adequately documented
- consistent with school system policies and administrative regulations

Prior written approval for certain cost charges must be obtained as required by the awarding agency in order to avoid subsequent disallowances.

Cf. BCB, BID, DJ, DKC, GBEA

Adopted ^

Legal References:

- A. S.C. Code of Laws, 1976, as amended:
 1. Section 11-35-10, *et seq.* - South Carolina Consolidated Procurement Code.
- B. Code of Federal Regulations, as amended:
 1. Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 C.F.R. § 200, *et seq.*