



SECTION: FINANCE

POLICY: 632

TITLE: FEDERAL FISCAL COMPLIANCE

ORIGINAL: June 13, 2016

CURRENT REVISION: February 1, 2021

LAST REVIEWED BY THE COMMITTEE:

I. PURPOSE

This policy is intended to ensure federal funds received by the District are administered in accordance with federal requirements, including, but not limited to, the federal Uniform Grant Guidance.

II. DEFINITIONS

None.

III. POLICY

- A. The Superintendent or designee shall review and approve all applications for federal funds submitted by the District. The Board must approve any application for federal funds submitted by the District.
- B. The District shall maintain standards of conduct covering conflicts of interest and the actions of District employees and school officials engaged in the selection, award and administration of contracts.
- C. All employees shall be informed of conduct that is required for federal fiscal compliance and the disciplinary actions that may be applied for violation of Board policies, administrative regulations, rules and procedures.
- D. The District's financial management system shall be designed with strong internal controls, a high level of transparency and accountability, and documented procedures to ensure that all financial management system requirements are met.
- E. Financial management standards and procedures shall assure that the following responsibilities are fulfilled:
 - a. Identification – The District must identify, in its accounts, all federal awards received and expended, and the federal programs under which they were received.
 - b. Financial Reporting – Accurate, current, and complete disclosure of the financial results of each federal award or program must be made in accordance with the financial reporting requirements of the Education Department General Administrative Regulations (EDGAR).
 - c. Accounting Records – the District must maintain records, which adequately identify the source and application of funds provided for federally assisted activities.
 - d. Internal Controls – Effective control and accountability, including segregation of duties, must be maintained for all funds, real and personal property, and other assets. The District must adequately safeguard all such property and must ensure that it is used solely for authorized purposes.

- e. Budget Control – Actual expenditures or outlays must be compared with budgeted amounts for each federal award. Procedures shall be developed to establish determination for allowability of costs for federal funds.
 - f. Cash Management – The District shall maintain written procedures to implement the cash management requirements found in EDGAR.
 - g. Allowability of Costs – The District shall ensure that allowability of all costs charged to each federal award is accurately determined and documented.
- F. Title I Requirement Guidelines
- a. In addition to and to the extent that it does not conflict with the above, the District adopts the following guidelines to comply with federal requirements, including the federal Maintenance of Effort Regulation, for procuring, using, managing and disposing of goods, materials and equipment purchased with federal grant funds, such as Title I.
 - i. Funds are to be expended within the appropriate fiscal year.
 - ii. Expenditures are an allowable use of funds, and align with the District’s application or budget revision.
 - iii. Expenditures are coded to the appropriate fiscal line items.
 - iv. Financial line items are identical to those filed with the state.
 - v. Amounts for contracted services are evidenced by a written contract filed with the District.
- G. Inventory Control/Management
- a. All equipment and capital outlay purchased with federal funds, regardless of cost, will be inventoried as a safeguard. This includes “small and attractive” items, such as laptop computers, calculators, PDA’s, digital cameras, scanners, etc. Items acquired using federal funds will be physically labeled by source of funding and acquisition date. Inventory must be current and available for review and audit and include the following information:
 - i. Description of the item, including any manufacturer’s model number.
 - ii. Identification of funding source.
 - iii. Acquisition date and unit cost.
 - iv. Source of items, such as company name.
 - v. Percentage of federal funds used in the purchase.
 - vi. Present location, use, condition of item, and date information was reported.
 - vii. Pertinent information on the ultimate transfer, replacement or disposition of the item.
 - b. Inventory will be updated, as items are purged and new items purchased. Adequate safeguards must prevent loss, damage, or theft of items, in accordance with the following:
 - i. Any loss, damage, or theft will be investigated and fully documented.
 - ii. The District is responsible for replacing or repairing lost, damaged, destroyed, or stolen items.
 - iii. If stolen items are not recovered, the District must submit copies of the investigative report and insurance claim to the Department of Federal Programs.
 - iv. Replaced equipment is property of the originally funded program and should be inventoried accordingly.
 - c. An annual physical inventory of items will be conducted, and the results will be reconciled with the inventory records.
- H. Disposition

- a. Equipment or “small and attractive” items with an acquisition cost of less than \$5,000 that are no longer functional can be retained, sold, purged, or transferred to the District upon notification to the Department of Federal Program. The written notice to purge or transfer must include:
 - i. Item.
 - ii. Date of acquisition.
 - iii. Original cost.
 - iv. Reason for purge or transfer.
 - v. Anticipated use.
- I. Time and Effort Reporting
- a. All District employees paid with federal funds shall document the time they expend in work performed in support of each federal program, in accordance with law. Time and effort reporting requirements do not apply to contracted individuals.
 - b. District employees shall be reimbursed for travel costs incurred in the course of performing services related to official business as a federal grant recipient.
 - c. The District shall establish and maintain employee policies and procedures on hiring, benefit and leave, and outside activities, as approved by the Board. District procedures on payment of staff shall apply to employees paid with federal funds and shall include payment in extenuating or emergency conditions, in accordance with applicable law, regulations, or emergency declarations by state or federal authorities.
- J. Record Keeping and Monitoring
- a. The District shall develop and maintain a Records Management Plan and related Board policy and administrative guidelines for the retention, retrieval, and disposition of manual and electronic records, including emails.
 - b. The District shall ensure the proper maintenance of federal fiscal records documenting: (a) amount of federal funds; (b) how funds are used; (c) total cost for each project; (d) share of total cost of each project provided from other sources; (e) other records to facilitate an effective audit; (f) other records to show compliance with federal program requirements; and (g) significant project experiences and results.
 - c. All records must be retrievable and available for programmatic or financial audit.
 - d. Records shall be retained for a minimum of five (5) years from the date on which the final Financial Status Report is submitted, or as otherwise specified in the requirements of the federal award, unless a written extension is provided by the awarding agency, cognizant agency for audit, oversight agency for audit, or cognizant agency for indirect costs.
 - e. If any litigation, claim, or audit is started before the expiration of the standard record retention period, the records shall be retained until all litigation, claims, or audits have been resolved and final action taken.
 - f. The District shall provide the federal 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 District records, which are pertinent to the federal award. The District shall also permit timely and reasonable access to the District’s personnel for the purposes of interview and discussion related to such documents.
 - g. As part of the Records Management Plan, the District shall develop and maintain a records retention schedule, which shall delineate the record retention format, retention period, and method of disposal. The Records Management Plan shall include

identification of staff authorized to access records, appropriate training, and preservation measures to protect the integrity of records and data.

- h. The District shall ensure that all personally identifiable data protected by law or regulations is handled in accordance with the requirements or applicable law, regulations, Board policy and administrative guidelines.
 - i. In the event that the District awards subgrants, the District shall establish procedures to:
 - (a) assess the risk of noncompliance; (b) monitor grant subrecipients to ensure compliance with federal, state, and local laws and Board policies and procedures; and (c) ensure the District's record retention schedule addresses document retention on assessment and monitoring.
 - j. Employees and contractors involved in federally funded programs and subrecipients shall be made aware that failure to comply with federal law, regulations, or terms and conditions of a federal award may result in the federal awarding agency or pass-through entity imposing additional conditions or terminated the award in whole or in part.
- K. Standards of Conduct
- a. The District shall maintain standards of conduct covering conflicts of interest and the actions of employees and school officials engaged in the selection, award, and administration of contracts.
 - b. All employees shall be informed of conduct that is required for federal fiscal compliance and the disciplinary actions that may be applied for violation of Board policies, administrative guidelines, rules, and procedures.
 - c.

IV. DELEGATION OF AUTHORITY

- A. The Board designates the Federal Programs Coordinator as the District contact for all federal programs and funding.
- B. The Superintendent or designee, in collaboration with the Federal Programs Coordinator and Business Manager, shall establish and maintain a sound financial management system to include internal controls and federal grant management standards covering the receipt of both direct and state-administered federal grants and to track costs and expenditures of funds associated with grant awards.
- C. The Business Manager or designee shall track and document all federal programs expenditures and verify federal programs, in accordance with law.
- D. The Superintendent, to assist in the proper administration of federal funds and implementation of this policy, may approve additional procedures as attachments to this policy. These additional procedures may address the procurement, use, management and disposal of goods, materials and equipment purchased with federal grant funds, or otherwise ensure that: (1) expenditures of federal grants are completed in accordance with federal requirements, or (2) title to and control of location, custody and security of equipment and/or property purchased with federal funds are maintained.

V. REFERENCES

2 CFR Part 200
2 CFR 200.430
2 CFR 200.333-200.339;
34 CFR 75.730-75.732;
2 CFR 200.330-200.331;
24 P.S. 1153