



Book	Policy Manual
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6111 - ~~ADMINISTRATION OF GRANT PROGRAMS~~INTERNAL CONTROLS

The Board of Education encourages the pursuit of State and Federal grants and other sources of Federal and State funds to assist in funding educational projects in the District. These sources of funding are a critical piece of the District's programming ("collectively referred to as "Grants" or "Grant Funding"). As such, it is important that proper management of the requirements of each allocation of Federal or State funds are closely followed. This policy directs the District Administrator to designate a grant compliance officer to monitor grant awards to the District and further directs the Business Manager to monitor compliance with grant programs and fulfillment by the grant compliance officer of the requirements of each grant, including proper disbursement, accounting and accountability.

The Grant Compliance Officers shall:

- A. identify any specific requirements in either State or Federal law governing the disbursement, accounting, recordkeeping, or reporting of specific grant awards and incorporate those requirements into the general guidelines;

The compliance requirements described in this policy are those applicable to all grant funds or Federal government pass-through funds. Additional requirements may apply to specific programs or funding mechanisms.

- B. monitor activity in any grant funded program or project consistent with this policy.

Allowable Cost Compliance

The Compliance Officer shall insure that grant program funds are expended and are accounted for consistent with the requirements of the specific program and as identified in the grant application. Compliance monitoring includes accounting for direct or indirect costs and reporting them as permitted or required by each grant.

"Direct Costs"—are costs directly attributable to the grant project, and include salaries and fringe benefits of employees working directly on a grant funded project; purchased services contracted for performance under the grant; travel of direct employees; materials, supplies, and equipment purchased for use on a specific grant; and infrastructure costs directly attributable to the program (such as long distance telephone calls specific to the program, etc.).

"Indirect Costs"—are costs that are not readily identifiable with any specific grant, but are necessary costs to the District's general operations, such as administrative costs, utility costs, maintenance, accounting, etc. Effort should be given to identify costs as direct costs whenever practical, but allocation of indirect costs may be used where not prohibited and where indirect cost allocation is approved ahead of time by DPI (Federal funds subject to OMB Circular A-87 pertaining to determining indirect cost allocation).

In determining which expenses can be allocated to a grant, the following principles should be considered, in addition to any specific limitations or permissive expenses in each grant or by law.

Costs must be:

- A. necessary and reasonable for proper and efficient performance and administration of the program;

To determine whether a cost is reasonable, consideration must be given to:

1. whether the cost is of a type generally recognized as ordinary and necessary, and consistent with prudent practice;
 2. whether the cost is a result of an arms-length arrangement, consistent with market principles for such goods or services;
 3. the cost does not represent any significant deviation from the established practices or Board policy which may increase the expense;
- B. consistent with policies, regulations, and procedures of the Board;
- C. treated in a consistent manner when incurred in terms of whether and how such cost is allocated, and not duplicated through multiple grant programs in the case of indirect cost;
- D. determined in accordance with generally accepted accounting principles;
- E. representative of actual cost, net of all applicable credits or offsets;
- F. adequately documented:
1. in the case of personal services, the Grant Compliance Officer shall develop a system for District personnel to account for time and efforts expended on grant funded programs to assure that only permissible personnel expenses are allocated;
 2. in the case of other costs, all receipts and other invoice materials shall be retained, along with any documentation identifying the need and purpose for such expenditure if not otherwise clear.

Obligation of Funds

Expenditures under a grant may not be made until the grant funding period begins or all necessary materials are submitted to the granting agency, whichever is later, in the case of a continuing or approved grant, or when the grant is awarded in the case of a discretionary grant process, unless an agreement exists with DPI to reimburse for pre-approval expenses.

Expenses are incurred at the time that the District becomes legally obligated to either perform under a contract for outside services, purchase of equipment or supplies, or the like; or when a cost is actually incurred such as the performance of services by District employee, when travel occurs, when utility services are used, or the like.

Property and Equipment Management

Any equipment or other property acquired using Federal grant funds must be accounted for as provided in this policy.

"Acquisition Cost" is defined as the net invoice price of the equipment, including the cost of modifications, attachments, accessories, or auxiliary apparatus necessary to make the equipment usable for the purpose for which it was acquired. Other charges such as the costs of installation, transportation or taxes shall be treated in the acquisition cost in accordance with the regular accounting practices of the District.

"Equipment" is defined as property having a useful life of more than one (1) year and an acquisition cost of \$5,000 or more per unit.

Equipment must be used in the project or programs for which it was acquired as long as needed, whether or not the project or program continues to be supported by grant funds. If the equipment is no longer needed for the original program or if it is not needed full time in such program, the equipment may be used in other grant funded programs or disposed of as described in this policy.

Disposition of Equipment

If any equipment is no longer to be used in projects or programs currently or previously sponsored by the Federal government, equipment with a current per unit fair market value of less than \$5,000 may be retained, sold, or otherwise disposed of, with no further obligation.

For equipment with a current per unit fair market value in excess of \$5,000 the District may be obligated to compensate the government granting agency based on the fair market value of the equipment. The Grant Compliance Officer should consult with DPI prior to disposing of such property.

If any equipment will be used as a trade-in towards updated or replacement equipment, the proceeds may be used to offset such replacement cost with the approval of the granting agency.

General Requirements

The Grant Compliance Officer shall assure that property is managed in accordance with the following guidelines:

- A. maintain property records that include a description of the property, a serial number or other identification number, date of acquisition, the source of property, title or other ownership documents, cost of the property or equipment, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any disposition data including the date of disposal, sale price or trade in value of the property, and any subsequent obligations related to the disposition
- B. require that a full physical inventory of the property is recorded at least once every two (2) years and that the results are reconciled with the property records
- C. develop a system to ensure adequate safeguards to prevent loss, damage, or theft of the property and to investigate any such occurrence. This includes assuring that proper insurance is procured, and that an appropriate maintenance schedule is developed to keep the equipment or property in good condition
- D. in the event of a sale of any property, develop and implement proper sales procedures in order to improve return

Procurement Standards

The Grant Compliance Officer shall assure compliance with any applicable requirements governing the purchase of equipment, services, or contracting for goods and services using grant funds.

Performance Measurement

The Grant Compliance Officer shall report all financial and performance information to the granting agency using the agencies approved forms. Reporting of performance data must be done in such a manner as to relate the performance data to the financial data applicable to the grant.

Record Retention

The Grant Compliance Officer shall assure that all required records pertaining to grant funds are maintained and organized. Such records must fully disclose the amount and use of grant funds, the total cost of activity for which the funds are used, the share of cost provided from other sources, and any other pertinent records. The Grant Compliance Officer shall coordinate with the District's auditor to assure that all appropriate records are retained and to provide any necessary records for purpose of completing the annual audit.

The Grant Compliance Officer shall monitor the record retention requirements consistent with Board policy. All records shall be retained a minimum of three (3) years beyond the completion of the grant funded program as determined by the date on which the last cost submission is made under the grant, or in the event of litigation, until such time as litigation is complete and District legal counsel advises that such records no longer need to be retained.

The District Administrator shall establish, document, and maintain effective internal controls over Federal awards that provide reasonable assurance that the District is managing all Federal awards in compliance with the U.S. Constitution, statutes, regulations, and the terms and conditions of the awards. The District will have a process that provides reasonable assurance regarding the achievement of the following objectives:

- A. effectiveness and efficiency of operations;
- B. reliability of reporting for internal and external use; and
- C. compliance with applicable laws and regulations.

These internal controls should comply with the guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control-Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

The internal controls must provide reasonable assurance that transactions are properly recorded and accounted for in order to permit the preparation of reliable financial statements and Federal reports; maintain accountability over assets; and demonstrate compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. The internal controls must also provide reasonable assurance that these transactions are executed in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award that could have a direct and material effect on a Federal award, as well as any other Federal statutes and regulations that are identified in the Compliance Supplement. Finally, the District's internal controls must provide reasonable assurance that all Federal funds, property, and other assets are safeguarded against loss from unauthorized use or disposition.

The District shall:

- A. comply with the U.S. Constitution, Federal statutes, regulations, and the terms and conditions of the Federal award;

- B. evaluate and monitor its compliance with the U.S. Constitution, statutes, regulations, and the terms and conditions of the award;
- C. take prompt action when instances of noncompliance are identified; and
- D. take reasonable cybersecurity and other measures to safeguard protected information including protected "personally identifiable information" (PII) and other types of information. This also includes information the Federal agency or pass-through entity designates as sensitive or other information the District considers sensitive and is consistent with applicable Federal, State, local, and tribal laws regarding privacy and responsibility over confidentiality.

PII is defined at 2 C.F.R. Section 200.1 as "information that can be used to distinguish or trace an individual's identity, either alone or when combined with other personal or identifying information that is linked or linkable to a specific individual."

However, the definition of PII is not attached to any single category of information or technology. Rather, it requires a case-by-case assessment of the specific risk that an individual can be identified.

Suggested Resources:

- A. "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States;
- B. "Internal Control Integrated Framework" (commonly referred to as the Green Book) issued by the Committee of Sponsoring Organizations of the Treadway Commission;
- C. "Compliance Supplement" issued by the U.S. Office of Management and Budget; and
- D. Internal control guidance issued by the U.S. Department of Education.

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Legal 2 C.F.R. 200.1

Cross References 2 C.F.R. 200.303

Last Modified by Coleen Frisch on January 3, 2025