

Federal Fiscal Compliance

DFAC

(See CMA, CN, DFAA, and DFAB)

The board shall ensure federal funds received by the district are administered in accordance with federal requirements, including but not limited to the federal Uniform Grant Guidance. This policy outlines the district's responsibilities when federal funding is considered. The board designates the ~~chief financial officer~~ superintendent or designee as the federal programs coordinator and district contact for all federal programs and funding.

The ~~chief financial officer~~ superintendent or designee shall establish, document and maintain a sound fiscal 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. The superintendent or designee, to assist in the proper administration of federal funds and implementation of this policy, may recommend additional procedures and regulations be adopted to supplement this policy.

The district's fiscal management system shall be designed with strong internal controls, including reasonable cybersecurity and other measures to safeguard information consistent with applicable law, a high level of transparency and accountability, and documented procedures to ensure that all fiscal management system requirements are met. Fiscal management standards and procedures shall assure that the following responsibilities are fulfilled:

- Identification – The district must identify, ~~in its accounts~~, all federal awards received and expended and the federal programs under which they were received.
- 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).
- Accounting Records – The district must maintain records which adequately sufficiently identify the amount, source, and application expenditure of funds provided for federally-assisted activities.
- Internal Controls – Effective control and accountability must be maintained for all federal funds, real and personal property purchased therewith, and other assets acquired with federal funding. The district must adequately safeguard all assets such property and ~~must assure that~~ it is used solely for authorized purposes.
- 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.
- Cash Management – The district shall maintain written procedures to implement the cash management requirements found in EDGAR.

- Allowability of Costs – The district shall ~~ensure~~ maintain written procedures for determining the that allowability of all costs charged to each federal award is accurately determined and documented.

Time and Effort Reporting by Employees

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 requirements do not apply to contracted individuals.

Recordkeeping

The district shall develop and maintain a records management plan and related board policy, administrative regulations, and/or procedures for the retention, retrieval, and disposition of print and electronic records, including emails.

The district shall ensure the proper maintenance of federal fiscal records documenting:

- Amount of federal funds
- How funds are used
- Total cost of each project
- Share of total cost of each project provided from other sources
- Other records to facilitate an effective audit
- Other records to show compliance with federal program requirements
- Significant project experiences and results

All records must be retrievable and available for programmatic or financial audit.

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 interview and discussion related to such documents.

Records shall be retained for a minimum of three (3) years from the date on which the final Financial Status Report is submitted, or as otherwise specified in federal law or in the requirements of the federal award, unless a written extension is provided by the awarding agency, cognizant agency for indirect costs. 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 has been taken.

The district shall ensure that all personally identifiable data protected by statute or regulation is handled in accordance with the requirements of applicable law, regulations, board policy, administrative regulations, and procedures.

Subrecipient Monitoring

If the district awards subgrants, the district shall establish procedures to:

- Assess the risk of noncompliance
- Monitor grant subrecipients to ensure compliance with federal, state, and local laws and board policy, regulations, and procedures.
- Ensure the district's records are adjusted to cure recordkeeping issues discovered through the subrecipient's audits, on-site reviews, or other monitoring.

Mandatory Disclosures

Employees and contractors must promptly disclose whenever, in connection with the federal award (including any activities or subawards thereunder), it has credible evidence of the commission of a violation of federal criminal law involving fraud, conflict of interest, bribery, or gratuity violations found in Title 18 of the United State Code or a violation of the civil False Claims Act (31 U.S.C. 3729-3733). The disclosure must be made in writing to the federal agency, the agency's Office of the Inspector General, and passthrough entity, if applicable. Recipients and subrecipients are also required to report matters related to recipient integrity and performance in accordance with the law.

Compliance Violations

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 terminating the award in whole or in part.

Whistleblower Protections

An employee shall not be discharged, demoted, or otherwise discriminated against as a reprisal for reporting or disclosing information that the employee reasonably believes is evidence of gross mismanagement of a federal contract or grant, a gross waste of federal funds, an abuse of authority relating to a federal contract or grant, a substantial and specific danger to public health or safety, or a

violation of law, rule, or regulation related to a federal contract (including the competition for or The superintendent or designee shall inform their employees in writing of employee whistleblower rights and protections under the law. negotiation of a contract) or person or body described in paragraph (a)(2) of 41 U.S.C. 4712.

Cash Management – Federal Programs

Generally, the District receives payment from the Kansas Department of Education (KSDE) on a reimbursement basis. In some circumstances, the District may receive an advance of federal grant funds. In either case, the District shall maintain accounting methods and internal controls and procedures that assure those responsibilities are met. The District has established separation of duties in cash management. Funds from federal agencies are requested by the Chief Financial Officer. Funds are verified by the Chief Financial Officer when received. Grant status is reviewed by the Chief Financial officer monthly.

The District has also established procedures for minimizing the time elapsed between draw down of federal funds and expenditure by the district in accordance with 2 CFR Part 200.305:

Payment Methods

Advances:

When the District receives advance payments of federal grant funds, it must minimize the time elapsing between the transfer of funds to the District and the expenditure of those funds on allowable costs of the applicable federal program. (2 CFR Sec. 200.305(b)) The timing and amount of cash advances shall be as close as is administratively feasible to the actual cash outlay for direct program costs and the proportionate share of any allowable indirect cost. When applicable, the District shall 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. (2 CFR Sec. 305(b) (5))

The District shall hold federal advance payments in insured, interest-bearing accounts.

~~Federal Fiscal Compliance~~ ~~DFAC-3~~

~~The District is permitted to retain for administrative expense 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 shall be remitted annually to the Department of Health and Human Services Payment Management System (PMS) through an electronic medium using either Automated Clearing House (ACH) network or a Fedwire Funds Service payment. (2 CFR Sec. 200.305(b) (9))~~

~~Pursuant to federal guidelines, interest earnings shall be calculated from the date that the federal funds are drawn down from the system until the date on which those funds are disbursed by the District.~~

~~Consistent with state guidelines, interest accruing on total federal grant cash balances shall be calculated on cash balances per grant and applying the actual or average interest rate earned. Remittance of interest shall be responsibility of the federal programs coordinator.~~

Reimbursement

Reimbursement shall be the preferred method when the requirements in the advance payment section are not met.

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 review upon request.

Reimbursements of actual expenditures do not involve interest calculations.

Pass-Thru Grants

For all federal grant monies passed through the Kansas Department of Education to the District, monthly draws shall be made by the Chief Financial Officer via Form 240 under the KSDE authenticated applications website. The Chief Financial Officer will review reports of monies to be spent prior to filing for Form 240. All reimbursements are based on actual disbursements, not on obligations. KSDE will process reimbursement requests within the timeframes required for disbursement.

Allowable Costs

Federal and Grant Funds must be expended for programs, activities, and strategies that are scientifically based on research and that meet the needs for the students served. All applicable requirements of the Federal and Grant Funds regulations, other applicable laws and regulations, and the Uniform Guidance apply to the use of these funds. All costs must be reasonable and necessary to carry out the intent of the program.

Basic Guidelines

1. Factors affecting allowability of costs. To be allowable under Federal awards, costs must meet the following general criteria:

a. Be necessary and reasonable for proper and efficient performance and administration of Federal awards.

~~Federal Fiscal Compliance~~ ~~DFAC-4~~

b. Be allocable to Federal awards under the provisions of the Uniform Guidance.

c. Be authorized or not prohibited under State or local laws or regulations.

d. Conform to any limitations or exclusions set forth in these principles, Federal laws, terms and conditions of the Federal award, or other governing regulations as to types or amounts of cost items.

e. Be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit.

f. Be accorded consistent treatment. A cost may not be assigned to a federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.

g. Except as otherwise provided for in the Uniform Guidance, be determined in accordance with generally accepted accounting principles.

h. Not be included as a cost or used to meet cost sharing or matching requirements of any other Federal award in either the current or a prior period, except as specifically provided by Federal law or regulation.

i. Be the net of all applicable credits.

j. Be adequately documented.

~~a.—Reasonable costs. 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 was made to incur the cost. The question of reasonableness is particularly important when governmental units or components are predominately federally funded. In determining reasonableness of a given cost, consideration shall be given to:~~

~~b.—Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the District or the performance of the Federal award.—~~

~~c.—The restraints or requirements imposed by such factors as: sound business practices; arm's length bargaining; Federal, State and other laws and regulations; and, terms and conditions of the Federal award.—~~

~~d.—Market prices for comparable goods or services.—~~

~~e.—Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the governmental unit, its employees, the public at large, and the Federal Government.—~~

~~f.—Significant deviations from the established practices of the District which may unjustifiably increase the Federal award's cost.~~

~~3. Allocable costs.~~

~~a.—A cost is allocable to a particular cost objective if the goods or services involved are chargeable or assignable to such cost objective in accordance with relative benefits received.—~~

~~b.—All activities which benefit from the District's indirect cost, including unallowable activities and services donated to the District by third parties, will receive an appropriate allocation of indirect costs.—~~

~~c.—Any cost allocable to a particular federal award or cost objective under the principles provided for in the Uniform Guidance may not be charged to other Federal awards to overcome fund deficiencies, to avoid restrictions imposed by law or terms of the Federal awards, or for other reasons.—~~

~~d. Where an accumulation of indirect costs will ultimately result in charges to a federal award, a cost allocation plan will be required.~~

Adopted: 8/14/17

Revised: 9/22/2022

Reviewed: 7/22/24