

NEOLA UPDATES

Volume 39 No. 1: EDGAR UGG Revisions

1. Policies 1130/3110/4110 - Revised. Conflict of Interest (all groups)
This revision has quite a few changes to verbage regarding conflict of interest regarding board members and the "selection, award or administration of a contract supported by the Federal award." In addition, Board member" has been added to the list of employees and regulations regarding conflict of interest.
2. Policy 6110- Revised. Conflict of Interest (Professional Staff)
These revisions address laws that have been put into place regarding mandatory disclosures, whistleblower protections, and certifications/records retention.

Mandatory Disclosures

The District must promptly disclose whenever they have credible evidence of a violation of Federal criminal law potentially affecting the Federal award including, but not limited to, any fraud, embezzlement, bribery, gratuity violations, identity theft, or sexual assault and exploitation, or a violation of the civil False Claims Act (2 C.F.R. 175.105) regarding the obligation to report credible information related to conduct prohibited by the Trafficking Victims Protection Act, 22 U.S.C. 7104c.

The disclosure must be made in writing to the Federal agency, the agency's Office of Inspector General, and the pass-through entity.

Whistleblower Protections

An employee of the District may not be discharged, demoted, or otherwise discriminated against as a reprisal for disclosing information to the appropriate agency or individual 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 or grant. See Policy 1411/3211/4211 - Whistleblower Protection and Policy 8900 - Anti-Fraud.

Certifications and Records Retention

Financial reports must include a certification, signed by an official who is authorized to legally bind the District. The certification should state:

"I certify to the best of my knowledge and belief that the information provided herein is true, complete, and accurate. I am aware that the provision of false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil, or administrative consequences including, but not limited to, violations of U.S. Code Title 18, Sections 2, 1001, 1343 and Title 31, Sections 3729-3730 and 3801-3812"

Each certification must be maintained pursuant to the requirements of 2 C.F.R. 200.334. The District shall retain all Federal award records for three (3) years from the date of submission of the final financial report.

3. Policy 5611 - Revised. Internal Controls
This policy revision addresses the internal procedures the school uses regarding financial grants. The following was added to the document:
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).

4. Policy 6112 - Revised. Cash Management of Grants

This revision addresses payment requests as well as the following additions:

- I. All interest in excess of \$500 per year must be returned to PMS regardless of whether the District was paid through PMS. Instructions for returning interest can be found at <https://pms.psc.gov/grant-recipients/returning-funds-interest.html>.

All other Federal funds must be returned to the payment system of the Federal agency. Returns should follow the instructions provided by the Federal agency. All returns to PMS should follow the instructions provided at <https://pms.psc.gov/grant-recipients/returning-funds-interest.html>.

5. Policy 6114 - Revised. Spending Federal Funds.

This revision cleans up language regarding “reasonable costs.” The following were also additions to the policy:

The District may claim the unamortized portion of any equipment written off as a result of a change in capitalization levels by continuing to claim the otherwise allowable depreciation on the equipment, or by amortizing the amount to be written off over a period of years negotiated with the cognizant agency for indirect cost.

If the District is instructed by the Federal ~~awarding~~ agency to otherwise dispose of or transfer the equipment, the costs of such disposal or transfer are allowable.

Equipment and other capital expenditures are unallowable as indirect costs.

Statutory requirements may limit the allowability of costs. Any costs that exceed the maximum amount allowed by statute may not be charged to the Federal award. Only the amount allowable by statute may be charged to the Federal award.

Payments made for costs determined to be unallowable by the Federal agency, cognizant agency for indirect costs, or pass-through entity must be refunded (with interest) to the Federal Government.

Prior Written Approval

To avoid subsequent disallowance or dispute based on unreasonableness or nonallocability, the District may seek the prior written approval of the Federal agency (or, for indirect costs, the cognizant agency for indirect costs) before incurring the cost. The absence of prior written approval on any element of cost will not, in itself, affect the reasonableness or allocability of that cost unless prior approval is specifically required for allowability.

6. Policy 6325 - Revised. Procurement - Federal Grants/Funds

This revision pertains to how the district procures grants/funds. It addresses the legal requirements to do so. In addition, the following was added regarding the procurement of recovered materials:

Procurement of Recovered Materials

The District must comply with Section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976, as amended, 42 U.S.C. 6962. These requirements include:

- A. procuring only items designated in the guidelines of the Environmental Protection Agency (EPA) at 40 C.F.R. part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition, where the purchase price of the item exceeds \$10,000 or the value of the quantity acquired during the preceding fiscal year exceeded \$10,000;
- B. procuring solid waste management services in a manner that maximizes energy and resource recovery; and
- C. establishing an affirmative procurement program for the procurement of recovered materials identified in the EPA guidelines.

The District should, to the greatest extent practicable and consistent with law, purchase, acquire, or use products and services that can be reused, refurbished, or recycled; contain recycled content, are biobased, or are energy and water efficient; and are sustainable.

This may include purchasing compostable items and other products and services that reduce the use of single-use plastic products.

7. Policy 6550. Revised. Travel Payment and Reimbursement.

The only change to this policy was the addition of this line:

Travel costs may include the transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of the District.

8. Policy 7310. Revised. Disposition of Surplus Property.

The following was added under EQUIPMENT:

For purposes of this policy, equipment shall mean tangible personal property (including information technology systems), a unit of furniture or furnishings, an instrument, a machine, an apparatus, or a set of articles which retains its shape and appearance with use, is nonexpendable, having a useful life of more than one (1) year, and a per-unit cost that equals or exceeds \$ 10,000 ~~() to replace~~ (x) as a single unit **[END OF OPTION]** and does not lose its identity when incorporated into a more complex unit.

In addition, the following information was added under DISPOSITION:

When there is a residual inventory of unused supplies exceeding \$10,000 in aggregate value at the end of the period of performance, and the supplies are not needed for any other Federal award, the District may retain or sell the unused supplies. Unused supplies means supplies that are in new condition, not having been used or opened before. The aggregate value of unused supplies consists of all supply types, not just like-item supplies. The Federal agency or pass-through entity may be entitled to compensation in an amount prescribed in 2 C.F.R. 200.314.

Disposition of surplus property purchased with Federal funds shall be disposed of in accordance with Federal guidelines.

This policy also references federal code when disposing of obsolete property via selling to the highest bidder, donating when appropriate or by proper waste removal.

9. Policy 7450. Revised. Property Inventory.

This revision addresses what the district's responsibility is for maintaining and updating property records. In addition, the following was added to the policy:

The District must use equipment for the project or program for which it was acquired and for as long as needed, whether or not the project or program continues to be supported by the Federal award. The District must not encumber the equipment without prior approval of the Federal agency or pass-through entity.

When no longer needed for the original project or program, the equipment may be used in other activities in the following order of priority:

1. Activities under other Federal awards from the Federal agency that funded the original program or project; then
2. Activities under Federal awards from other Federal agencies. These activities include consolidated equipment for information technology systems.

During the time that equipment is used on the project or program for which it was acquired, the District must also make the equipment available for use on other programs or projects supported by the Federal Government, provided that such use will not interfere with the purpose for which it was originally acquired. First preference for other use of the equipment must be given to other programs or projects supported by the Federal agency that financed the equipment. Second preference must be given to programs or projects under Federal awards from other Federal agencies. Use for non-Federally funded projects is also permissible, provided such use will not interfere with the purpose for which it was originally acquired. The District should consider charging user fees as appropriate. If the District does use equipment to earn program income, it must not charge a fee that is less than a private company would charge for similar services unless specifically authorized by Federal statute.

When acquiring replacement equipment, the District may either trade-in or sell the equipment and use the proceeds to offset the cost of the replacement equipment.

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1. Policy 2264. Technical Correction. Nondiscrimination on the Basis of Sex in Education Programs or Activities.
An instance of "notice of discrimination" has been changed to "notice of non-discrimination."
2. Policy 3120.08. Revised. Employment of Personnel for Co-Curricular/Extra Curricular Activities.
Public Act 37 makes it necessary to require any individual serving as a high school athletic coach to hold a valid certification in CPR and use of an AED beginning with the 2025-2026 school year. This policy has been revised to reflect the requirement.
3. Policy 5330.02. Revised. Opioid Antagonists.
This policy has been revised to reference Narcan, to make it easier to find in searches of this manual, and miscellaneous grammar/punctuation changes.

4. Policy 5340. Revised. Student Accidents.
Public Act 36 makes it necessary to develop a cardiac response plan. This policy has been revised to reflect the requirement.
5. Policy 5500. Revised. Student Conduct.
This policy has been revised to include provisions addressing use of academic honesty and optional provisions addressing use of artificial intelligence (AI).
6. Policy 7440.03. Technical Correction. Small Unmanned Aircraft Systems.
This template has been updated to cross-reference the appropriate administrative guideline and miscellaneous corrections to grammar/punctuation.
7. Policy 7540.09. New. Artificial Intelligence.
This policy has been added to address the use of artificial intelligence (AI) by district staff and students. We anticipate that this policy will evolve as this tool evolves.

7540.09 - ARTIFICIAL INTELLIGENCE ("AI")

The Board of Education recognizes the positive impact that artificial intelligence ("AI") technology may have in the District's educational program and operations. The Superintendent is authorized to support the use of artificial intelligence technology when its use is consistent with the District's mission, goals, and operational integrity.

Any use of artificial intelligence technology in the District's educational program or operations must be in accordance with State and Federal law as well as Board policies (x) including, but not limited to, the following: Policy 2264 - Nondiscrimination on the Basis of Sex in Education Programs or Activities; Policy 2266 - Nondiscrimination on the Basis of Sex in Education Programs and Activities; Policy 5136 - Personal Communication Devices; Policy 5500 - Student Conduct; Policy 7540.03 - Student Technology Acceptable Use and Safety; Policy 7540.04 - Staff Technology Acceptable Use and Safety; Policy 8330 - Student Records; Policy 8350 - Confidentiality; and Policy 8351 - Security Breach of Confidential Databases.

Violation of this policy may result in disciplinary consequences. Students may be disciplined for violations, up to and including suspension or expulsion. Staff may be disciplined for violations, up to and including suspension or termination of employment. The Administration will refer any illegal acts to law enforcement.

8. Policy 8321. Revised. Criminal Justice Information Security.
This policy has been revised to reflect the updated requirements of the Michigan State Police (MSP). It includes Security Awareness Training for keeping records secure and the training that is required for this.