

# Needham Public Schools



## **Financial Management Procedures Applicable to Grants and Federally- Funded School Programs**

Prepared by Assistant Superintendent for Finance and Operations August, 2010  
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# Table of Contents

I. Introduction.....	5
A. Introduction.....	5
B. Roles & Responsibilities.....	5
C. Training.....	6
II. Financial Management System.....	7
A. Financial Management Standards.....	7
Identification.....	7
Financial Reporting.....	7
Accounting Records.....	7
Internal Controls.....	7
Budget Control.....	8
Cash Management.....	8
Allowable Costs.....	8
B. Overview of the Financial Management/Accounting System.....	8
C. Budgeting.....	8
The Planning Phase Before Receiving the GAN.....	8
Types of Grants.....	8
Applying for Grants.....	9
Establishing Grant Budgets.....	10
Application Review and Award.....	11
After Receiving the GAN.....	12
Processing the Award and Authorizing Grant Access.....	12
Grant Effective Start and End Dates.....	13
Managing the Grant.....	14
Amending the Grant.....	14
Budget Control & Monitoring Program Performance.....	16
D. Accounting Records.....	17
Accounting Records & Recordkeeping.....	17
Chart of Accounts.....	17
Accounting Adjustments.....	17
E. Spending Grant Funds.....	19
Direct and Indirect Costs.....	19
Determining Allowability of Costs.....	21
Selected Items of Cost.....	23
Frequent Types of Costs.....	29
Helpful Questions for Determining Whether a Cost is Allowable.....	29
F. Federal Cash Management Policy / Procedures.....	30
Payment Process for State and Federal Grants.....	30
Payment Methods for State and Federal Grants.....	32
Advances.....	33
G. Timely Obligation of Funds.....	33
When Obligations are Made.....	33
Period of Performance of Federal Funds.....	34
Carryover.....	35
DESE Process to Carryover Grants.....	36
State-Administered Grants.....	36

Direct Grants .....	36
H. Program Income .....	37
Definition .....	37
Use of Program Income .....	37
I. Grant Close Out and Final Reporting Process .....	38
Final Reporting Process .....	38
Return of Unexpended Funds .....	38
Carry-Over Procedures .....	39
III. Procurement System .....	40
A. Responsibility for Purchasing .....	40
B. Purchase Methods .....	40
General Requirements .....	40
Purchases up to \$10,000 (Sound Business Practices) .....	42
Purchases between \$10,000 and \$49,999 (Solicit Quotes) .....	42
Purchases over \$50,000 (Sealed Bids or Proposals) .....	43
Noncompetitive Proposals (Sole Sourcing) .....	45
Other Provisions .....	46
C. Purchase Cards .....	48
D. Full and Open Competition .....	48
Geographical Preferences Prohibited .....	48
Prequalified Lists .....	49
Solicitation Language .....	49
E. Federal Procurement System Standards .....	50
Avoiding Acquisition of Unnecessary or Duplicative Items .....	50
Use of Intergovernmental Agreements .....	50
Use of Federal Excess and Surplus Property .....	50
Debarment and Suspension .....	50
Maintenance of Procurement Records .....	50
Time and Materials Contracts .....	50
Settlements of Issue Arising Out of Procurements .....	51
Protest Procedures to Resolve Disputes .....	51
F. Conflict of Interest Requirements .....	51
Standards of Conduct .....	51
Organizational Conflicts .....	52
Disciplinary Actions .....	53
Mandatory Disclosure .....	53
G. Contract Administration .....	53
IV. Property Management Systems .....	55
A. Property Classifications .....	55
Equipment .....	55
Supplies .....	55
Computing Devices .....	55
Capital Assets .....	55
B. Inventory Procedure .....	55
C. Inventory Records .....	57
D. Physical Inventory .....	57
E. Maintenance .....	58
F. Lost or Stolen Items .....	58
G. Use of Equipment .....	59

H. Disposal of Equipment & Supplies .....	59
V. Written Compensation Policies.....	61
A. Time and Effort.....	61
Time and Effort Standards .....	61
Time and Effort Procedures .....	61
Reconciliation and Closeout Procedures .....	62
Employee Exits .....	62
B. Human Resource Policies .....	62
VI. Record Keeping .....	64
A. Records Retention.....	64
B. Collection and Transmission of Records .....	64
C. Access to Records .....	65
D. Privacy .....	65
VII. Sub-recipient Monitoring.....	66
VIII. Maintenance of Effort, Proportionate Share, Excess Costs.....	66
A. Maintenance of Effort (MOE) .....	66
B. Proportionate Share.....	68
C. Excess Costs.....	69
IX. Audits.....	69
X. Frequently Asked Questions .....	71
XI. Legal Authorities and Helpful Resources .....	72
XII. Appendices .....	73
Appendix A: Grant Tracking Sheet Example .....	74
Appendix B: Indirect Cost Calculation Worksheet .....	77
Appendix C: Time & Effort Template.....	78
Appendix D: Maintenance of Effort Worksheet.....	80
Appendix E: Proportionate Share Worksheet .....	81
Appendix F: Excess Costs Worksheet .....	83

# I. Introduction

## A. Introduction

Needham Public Schools receives grants from state, federal and local funding sources. The School Department will receive, expend and account for grant funds in accordance with state and federal regulations, awarding authority requirements and principals of sound financial management.

This manual contains the internal controls and grant management standards used by the District to ensure that grant funds are lawfully expended. These standards include the uniform administrative requirements, cost principles and audit requirements for federal awards articulated by 2 C.F.R. §200, which also apply to school food service operations, as governed by Chapter 548 of the Special Acts of 1948, and other federally-funded programs. It describes in detail the District's financial management system, including cash management procedures, procurement procedures; inventory management protocols; procedures for determining the allowability of expenditures; time and effort reporting; record retention; and sub-recipient monitoring responsibilities. New employees of the District, as well as incumbent employees, are expected to review this manual to gain familiarity and understanding of the District's rules and practices.

Prior to July 1, 2017, Needham Public Schools will adhere to EDGAR Part 80 standards for federal grants.

## B. Roles & Responsibilities

- **Department of Elementary & Secondary Education (DESE)** – the Commonwealth is the pass-through entity for most federal grants received by Needham Public Schools. The DESE is responsible for making sub-grants available to Local Education Authorities (LEAs) like Needham, and for verifying compliance with the objectives, terms and conditions of the federal award.
- **Other State/Federal Agency** – Occasionally, grants are received from other state or federal agencies. These agencies are responsible for making sub-grants or direct grants available to Local Education Authorities (LEAs) like Needham, and for verifying compliance with the objectives, terms and conditions of the federal award.
- **Needham Superintendent.** Oversees all school operations, including grant-funded activities. As authorized signer, signs grant applications and standard contract forms on behalf of the School Committee.
- **Grant Writer.** Works with granting agencies and NPS administrators to identify grant opportunities, develop grant proposals and prepares selected grant applications.
- **Assistant Superintendent for Finance and Operations.** Develops fiscal controls and accounting procedures to ensure proper disbursement of and accounting for grant funds received. Establishes grant budgets in the NPS Financial System, and assigns financial access to NPS personnel. Periodically reconciles

grant receipts and expenditures against the approved grant budget, in cooperation with the Grant Manager. Prepares all financial reports and request funds from the Awarding Authority. Prepares and distributes time/effort certifications for federal awards. Maintains the official grant file to substantiate claims for payment and expenditures made under the grant. Prepares grant amendment requests, extension requests and requests to carry-over funds. Acts as alternate preparer and signer of grant applications, forms and contract documents.

- **Grant/Program Manager.** NPS Administrator responsible for supervising programmatic activities and ensuring that grant expenditures are consistent with programmatic objectives, the overall grant budget and applicable funding restrictions. Files programmatic reports with the awarding agency. The Director of School Nutrition Services is the program manager for the School Food Service Program in Needham, with responsibility for preparing and submitting both programmatic and financial reports related to the school food service program.
- **Grant Accountant.** A member of the Central Office Accounting Department who assists the Assistant Superintendent for Finance and Operations with the following activities: establishing grant budgets in the financial system, monitoring and reconciling grant expenditures, preparing financial reports, preparing funds requests, preparing time/effort certifications for federal awards, providing financial status updates to the Assistant Superintendent for Finance and Operations, and informing the Grant Manager and Grant Writer of the potential need for amendments, extensions or carry-over funds requests. Maintains the official grant file.
- **School Bookkeeper.** Assists the Grant Manager with day-to-day management of grant activities. Prepares expenditure requests, which are consistent with the grant objectives and funding restrictions. Monitors and reconciles grant expenditures against the approved grant budget, provides financial status updates to the Grant Manger, and informs the Grant Manager and Grant Writer of the potential need for amendments, extensions or carry-over funds requests.

These individuals are responsible for working harmoniously in support of all grant and school food service activities, for maintaining effective channels of communication, and= for promptly communicating the necessary quality information in support of the Needham Public Schools' objectives.

### ***C. Training***

The individuals with assigned responsibility for financial management of grants and federally-funded school programs shall receive periodic training related to their responsibilities in this area.

## **II. Financial Management System**

The Assistant Superintendent for Finance and Operations shall ensure that the following basic fiscal controls and fund accounting procedures are in place to effectively manage their state and federal grants, as required by 2 C.F.R. § 200.302 - § 200.303. Failure to meet a requirement may result in return of funds or termination of the award.

### **A. Financial Management Standards**

The federal standards for financial management systems are found at 2 C.F.R. § 200.302 - 303. The required standards include:

1. **Identification:** The District must identify, in its accounts, all federal, state and local awards received and expended and the federal programs under which they were received. Federal program and award information must include:
  - a. The CFDA title and number,
  - b. Federal award identification
  - c. Federal award year
  - d. Name of the federal agency, and, if applicable,
  - e. Name of the pass-through entity.
2. **Financial Reporting.** Accurate, current, and complete disclosure of the financial results of each federal award or programs must be made in accordance with the financial reporting requirements set forth in the Education Department General Administrative Regulations (EDGAR).
3. **Accounting Records.** The District must maintain records, which adequately identify the source and application of funds provided for federally-assisted activities. These records must contain information pertaining to grant or sub-grant awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation.
4. **Internal Controls.** Establish and maintain effective control and accountability for all funds, real and personal property, and other assets. As required by 2 C.F.R. § 200.303, the District must:
  - a. Manage the award in compliance with all statutes, regulations, grant terms and conditions.
  - b. Evaluate and monitor its compliance with applicable statutes, regulations, grant terms and conditions.
  - c. Take prompt action when instances of non-compliance are identified, including audit findings
  - d. Take reasonable measures to safeguard personally identifiable information.

5. **Budget Control.** Actual expenditures or outlays must be compared with budgeted amounts for each award.
6. **Cash Management,** The District must maintain written procedures to implement the cash management requirements found in EDGAR. Procedures specific to cash management requirements for grants are described in Section II.F. The District’s general procedures for cash receipts handling, deposit and reporting procedures are published separately.
7. **Allowable Costs.** The District must maintain written procedures for determining allowability of costs in accordance with EDGAR. Allowable costs are discussed in Section II.E.2.

## ***B. Overview of the District’s Financial Management/Accounting System***

The Needham Public Schools shares an integrated financial management system with the Town of Needham, Infinite Visions. This system is the official record for accounting and contains the General Ledger, as well as unified systems for purchasing and payables, payroll, human resources, and fixed assets. A separate system, SunGard H.T.E.; is used for Accounts Receivable, miscellaneous receipts and cash collections. Information about cash receipts and collections is imported into Infinite Visions on a daily basis. Separate inventory systems exist for school information technology, copiers, food service equipment, and instructional materials and equipment purchased from grants (if any.) The Town Accountant maintains the Town’s fixed assets system. The Administrator of Information Technology is responsible for the inventory of all technology hardware and software district-wide. The Assistant Superintendent for Finance and Operations maintains the inventory of copiers. Inventory for instructional materials is the responsibility of the respective Director and/or Department Head. The Nutrition Services Director maintains the inventory of all equipment used in the school cafeterias. Grant managers are responsible for the inventory of items purchased with grant funds from the time of purchase through their disposal. All inventories are reviewed and updated on a semi-annual basis.

## ***C. Budgeting***

### **1. The Planning Phase Before Receiving the Grant Award Notice (GAN):**

#### ***a. Types of Grants:***

- i. Needham receives grants from federal, state and local sources. These grants fall into one of the following general types:
  1. Entitlement grants – awarded to recipients on the basis of formulas set forth in laws or regulations. Recipients are entitled to receive funds if they comply with the programmatic requirements outlined in the RFP.
  2. Allocation grants – awarded to recipients based on formulas developed to promote Department priorities. The programmatic requirements outlined in the RFP must be met before the grant is awarded.



3. Continuation grants – those grants for which the recipient in one year is awarded funds at the same level for the following year. These are grants that were initially competitive and are funded for multiple years on a continuation basis.
4. Other Non-Competitive grants - awarded on a first come, first served basis, or to a limited number of recipients based on certain eligibility criteria, or on a continuation basis to the same recipients but at a higher level of support.
5. Competitive grants – awarded on a competitive basis to applicants that meet eligibility criteria listed in the RFP. Reading teams and rating sheets are used in the review process to ensure a fair and open competition among eligible applicants.

***b. Applying for Grants:***

- i.** In Needham, the District’s Grant Writer prepares all grant applications on behalf of the District. Staff members who wish to pursue a grant funding opportunity must contact the Grant Writer to proceed. The Grant Writer will work collaboratively with the staff member to develop the proposal and complete the grant application. In the case of NEF grants, staff members develop proposals on their own, in a process coordinated by the Grant Writer and NEF.
- ii.** Grant applications should conform to the following general guidelines:
  1. The District shall strive to pursue those grant funding opportunities that are consistent with approved District Goals and Objectives.
  2. Grant proposals must conform to applicable federal, state and local laws, regulations, by-laws and ordinances, including the Federal Cost Principles, indirect cost provisions and pension allowances described below.
  3. The School Department is responsible for managing all state, federal and local grants involving Needham Public School pupils or school operations. Except in the case of multi-community grants, which are administered by another entity on Needham’s behalf, oversight of school grants may not be delegated to outside groups or agencies, such as the PTC or NEF.
- iii.** Application should be made on forms provided by the granting agency.
- iv.** The DESE publishes application instructions for federal and state grants available from that agency at: <http://www.doe.mass.edu/grants/>.
- v.** The Needham Education Foundation also accepts applications for enrichment grants online at: <http://www.nefneedham.org/grants/apply/>.
- vi.** The Superintendent (or Assistant Superintendent of Finance and Operations) is responsible for approving/signing grant applications and standard contract forms on behalf of the School Committee.

- vii. The Assistant Superintendent for Finance and Operations shall be listed as Contract Manager on all federal and state grant applications. The Grant Manager shall be the identified Program Manager.
- viii. For most federal entitlement grants, there is a required Statement of Assurances document that must be signed prior to grant submission, to certify applicant agreement to meet all program requirements. The Superintendent will sign the Statement of Assurances on behalf of the District.

c. ***Establishing Grant Budgets:***

- ix. The Grant Writer shall work in collaboration with the Grant Manager and Assistant Superintendent for Finance and Operations to develop a detailed grant budget proposal using the Grant Tracking Sheet template found in Appendix A.
- x. Proposed expenditures must meet grant objectives, be reasonable for the program, be comparable to costs in similar programs and be allowable under the terms of the grant RFP, as well as the laws, regulations and policies that govern the particular program. The budget detail must: identify the staff members employed under the grant, including the headcount and full-time equivalent of each employee assigned to the grant; account for fringe benefits expenses (as applicable); and itemize the contractual services, supplies, materials, travel and other costs necessary to carry out the project. Requests for equipment must satisfy the definition of capital equipment, e.g., tangible, non-expendable personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit.
- xi. Federally-funded grants are required to set aside an additional 9% of the total salary for Massachusetts Teachers' Retirement System (MTRS) eligible employees. Massachusetts General Laws Chapter 35, Section 32A and Chapter 40, Section 5D require that all federal grants received by local governments be charged for pension costs incurred because of the grant.
- xii. Grant funds can supplement the Needham Public Schools budget but cannot supplant non-federal funds. Therefore, when possible, it is critical that the grant application be developed in conjunction with the Needham Public Schools annual budget.

In addition, by December 10, 2017 (and effective no later than the SY 2019/20 school year), for Title I grants, the District must select one of the following methods to demonstrate compliance with the requirement that state and local funds be allocated to each Title I school in such a way as to ensure that each school receives the same amount of state and local funds as they would have received in the absence of the Title I grant (34 CFR Part 200.72):

1. Use of a weighted District-wide resource allocation formula that provides additional resources for students with characteristics associated with educational advantage, such as students in poverty, English Language Learners, students with disabilities and other subgroups of students chosen by the District.

2. Use of a District-wide formula that allocates resources including staff positions and non-personnel resources directly to schools, and ensures that each Title I school receives the funding it is entitled to, as measured by the sum of a) the number of personnel in the school multiplied by the District's average salaries for each staff category, and 2) the number of students in the school multiplied by the District's average per-pupil expenditures for non-personnel resources.
  3. An alternative, funds-based compliance test developed by the Department of Elementary and Secondary Education and approved through federal peer review.
  4. A methodology selected by the District that ensures the per-pupil spending in each Title I school is at least as much as the average per-pupil spending in non-Title I schools within the District.
  5. The District may comply with the supplement not supplant requirement of 200.72(b) on a district-wide or grade-span basis (e.g., high
- xiii. The District shall provide a reasonable opportunity for public comment on federal applications and will consider such comment before the application(s) is submitted. In addition, the District will strive to provide a reasonable opportunity for public comment on subsequent amendments to NCLB grants to districts participating in multi-district programs. (NCLB only.)

d. ***Application Review & Award***

- xiv. The awarding authority is responsible for reviewing all grant applications and making final award.
- xv. The DESE's application review process for state and federal pass-through grants includes:
1. A program review to ensure that the proposed activities reflect program guidelines and are appropriate and measurable. For competitive grants, the program review also must include the kind of careful analysis that will enable reviewers to rank proposals in comparison to other applications received.
  2. A technical review to ensure that the grant has been completed accurately and appropriately.
  3. A legal or regulatory review to determine financial and administrative, as well as programmatic compliance, within the relevant laws, regulations and policies.
- xvi. Most grants are submitted for programmatic review and approval during late spring or early summer. Because of state and federal cash management and documentation requirements, an approved grant submitted to Grants Management may take a minimum of 2 to 3 weeks for final approval and payment.
- xvii. Upon successful review, the DESE approves grants in the following manner:

1. The appropriate DESE administrator approves all entitlement, allocation and continuation grants, subject to a successful technical review by Grants Management.
  2. Competitive grants are recommended for approval by the appropriate administrator, subject to technical review by Grants Management, and need to be approved by the Commissioner and Board of Elementary and Secondary Education.
- xviii. The DESE forwards approved grants to Payment Processing, immediately upon completion of the technical review. Payment processing completes all of the necessary paperwork to ensure that grant recipients are sent their funds in a timely manner, according to the required allotment schedule.
- xix. A standard computer-generated grant Payment Notification form is used to officially inform grant recipients of their awards. This form provides important information about the grant, including project duration, approved amount, amount of the initial payment, project number, and (for federal grants) CFDA number.

## **2. After Receiving the Grant Award Notice (GAN):**

### ***a. Processing the Award and Authorizing Grant Access:***

- i. Upon written confirmation of the award from the granting authority, the Assistant Superintendent for Finance and Operations will assign the appropriate account codes and account access, with the assistance of the Grant Accountant.
- ii. The Assistant Superintendent for Finance and Operations will forward a copy of the Grant Award Notice (GAN), signed Grant Application, signed Grant Assurances document and requested account codes/grant access to the Town Accountant. As part of this information, the Director will also transmit the following information, in compliance with 2 C.F.R. 200.302: CFDA title and number, federal award identification number and year, name of the federal agency, and, if applicable, name of the pass-through entity. The Town Accountant will establish this information in the financial accounting system.
- iii. Once established by the Town Accountant, the budget is available for use.
- iv. The Assistant Superintendent for Finance and Operations will disseminate grant information to Grant Manager using the process described below:
  1. A packet of information (in digital or hard-copy format) will be distributed to each Grant Manager, consisting of:
    - a. Grant Cover Sheet, identifying roles & responsibilities, grant deadlines and grant process information
    - b. Approved grant budget, with account codes/grant access detail.
    - c. Approved grant effective start/end dates.

- d. Grant application, terms and conditions.
  - e. Copy of Needham Grant Management Procedures (this document)
  - f. Copy of signed Statement of Assurances document (federal grants only)
  - g. Summary information and forms for: purchasing goods and supplies, hiring and paying contractors and other service providers, and hiring staff to work in school programs.
2. Grant Managers may be required to meet with the Assistant Superintendent for Finance and Operations and/or the Grant Accountant to receive and discuss this information and/or to hold periodic status update meetings during the course of the grant period.

***b. Grant Effective Start and End Dates:***

- i. Grant expenditures/activities must be made within the period of availability (grant period) stated in the award notice. The effective start date of a grant is the date identified by the awarding authority as the first date that payment obligations may be made against a grant. The effective end date is the last date that payment obligations can be incurred or services provided under the grant.
- ii. The effective start date of grants administered by the Department of Elementary and Secondary Education (DESE) typically is the start date of the grant period, or the date that the grant has been executed and signed by an authorized signatory of the Department, whichever is later. State funded grants typically have a start date in July or August, with an end date the following June 30<sup>th</sup>, which is the end of the state fiscal year. Federal grants follow more closely the federal fiscal year (October 1 – September 30), and usually start September 1, and end either the following June, or August 31. The effective end date typically is the last date of the grant period.
- iii. NPS staff members may not incur any obligations triggering a payment obligation for dates prior to the effective date of a grant, or after the last day of the grant period.
- iv. As a practical matter, Sections II.C.b.i – II.C.b.iii mean that if **a Grant Manager wishes to expend grant funds as of a certain start date, the grant must have completed a programmatic review, and been submitted as approved to Grants Management prior to that start date.** Districts may not use local funds to cover initial costs for a grant **prior to** receiving official approval from the Department, with the intent to reimburse themselves **after** receiving the award notice. Audit exceptions may be taken for any grant funds used for periods not covered by the award letter, leading to districts needing to pay back the misused grant funds.
- v. The effective period of a grant may be extended by the granting agency. If an extension is desired, Grant Managers must contact the Grant Writer, who will request an extension.

Needham Public Schools will not recognize any grant extension, unless written confirmation of the extension is received by the Assistant Superintendent for Finance and Operations from the granting agency. Absent this written approval, grants will be closed at the conclusion of the original award period.

***c. Managing the Grant***

- i.* After a grant has been awarded, the grant recipients are responsible to ensure that the grant is implemented in compliance with any applicable programmatic requirements. In the administration of grants, recipients must use fiscal controls and fund accounting procedures that will ensure proper disbursement of, and accounting for, grant funds received under any funding award.
- ii.* The following individuals have specific responsibility for grants management in Needham:
  - 1.* The District's Grant Manager (assisted by the School Bookkeeper) is responsible for managing the grant on a day-to-day basis. This responsibility includes:
    - a.* Ensuring that the programmatic objectives of the grant are being met.
    - b.* Ensuring that grant expenditures are both consistent with the grant budget and grant terms and conditions.
    - c.* Reconciling grant revenue and expenditures to the grant budget.
    - d.* Notifying the Assistant Superintendent for Finance and Operations of any desired change to the programmatic objectives of the grant, to planned expenditures or the grant budget.
  - 2.* The Grant Accountant is responsible for preparing funds requests, extension requests, time/effort certifications for federal awards and grant financial reports. In addition, the Grant Accountant informs the Assistant Superintendent for Finance and Operations and the Grant Manager of the potential need for amendments, extensions or carry-over funds requests. The Grant Accountant maintains the official grant file.
- iii.* The standard procedures to be used when requesting funds, making amendments, and preparing grant monitoring and final reports are described below.

***d. Amending the Grant***

- i.* The Assistant Superintendent for Finance and Operations shall prepare all grant budget amendment requests, with the assistance of the Grant Accountant. The Assistant Superintendent for Finance and Operations shall sign all amendment requests and submit them to the awarding authority.
- ii.* Grant amendments must be submitted and approved in advance of the needs.

- iii. Amendments should be requested according to the procedures of the Awarding Authority. Unless otherwise directed by an awarding authority, amendments should be submitted at least thirty (30) days prior to the desired change and must be submitted thirty (30) days prior to the conclusion of the project. The maximum number of amendments to any grant administered by the DESE may not exceed two, although exceptions to this limit may be allowed at the discretion of the DESE.
- iv. For grants administered by the DESE, the following amendment thresholds and procedures apply:
  1. Amendments are required when:
    - a. There is any significant change in program scope or objectives; or
    - b. There is any significant increase or decrease in the total amount of the grant; or
    - c. An increase or decrease in a line of the budget exceeds \$100 or 10% of that line (whichever is greater), or exceeds \$10,000.
  2. Amendments are not required when:
    - a. There is no change in program objectives;
    - b. There is no significant increase or decrease in the total amount of the grant; and
    - c. An increase in a line of the budget is less than or equal to \$100 or 10% of the line (whichever is greater) and does not exceed \$10,000.
  3. The process for amending a grant is as follows:
    - a. The Assistant Superintendent for Finance and Operations completes the applicable amendment form and submits the signed amendment to the appropriate DESE grant liaison.
    - b. DESE (or awarding agency) program staff then conducts a programmatic and technical review of the amendment. If approved, the DESE's authorized representative signs the amendment forwards a signed copy of the approved amendment to the grant recipient.
    - c. Upon receipt of the approved grant amendment form, the Assistant Superintendent for Finance and Operations approves a revised line item budget for the grant and forwards the revised budget to the Town Accountant for approval.

- d. The Grant Accountant prepares a budget journal entry consistent with the adjusted line item budget, and requests batch approval from the Town Accountant.
  - e. Upon approval by the Town Accountant, the grant budget is updated in the financial management system.
  - f. The Grant Accountant transmits line item budget changes to the Grant Manager.
- v. In the event that it is desirable to limit spending on a federal grant during the current grant year in order to have carry-over funds available to cover possible shortfalls in the next year, a reduction amendment should be submitted to reduce the grant by the projected unexpended amount. Reduction amendments must be filed no later than due date set by the DESE (typically May 15<sup>th</sup> of each year), in order to ensure that the unexpended funds will be accessible at the start of the next year's grant cycle.

***e. Budget Control & Monitoring Program Performance***

- i. As required by 2 C.F.R. § 200.328, the District is responsible for monitoring its grant-sponsored activities for compliance with performance expectations and for submitting reports on program performance as required by the granting agency.
- ii. The District monitors its financial performance by comparing and analyzing actual results with budgeted results in the following ways:
  - 1. The Grant Manager periodically monitors program performance for compliance with program objectives and periodically reconciles revenue and expenditures to the grant budget.
  - 2. The Grant Accountant performs a supplemental reconciliation of grant receipts and expenditures against the approved grant budget on a monthly basis (for monitoring purposes), in cooperation with the Grant Manager.
  - 3. The District prepares and submits regular reports as directed by the granting agency. These reports include periodic reports as required by the awarding agency, as well as annual performance reports.
  - 4. The Grant Accountant also performs the following year-end reconciliations:
    - a. A year-end reconciliation at least thirty days prior to the close of the local fiscal year (e.g., June 30.)
    - b. Federal grants should be reconciled again at least forty-five to sixty days prior to the close of the grant period (e.g., June 30), to allow sufficient time to prepare and submit any amendments needed to ensure that final expenditures comply with the grant budget.



- c. In the event that it is desirable to limit spending on a federal grant during the current grant year, in order to have carry-over funds available to cover possible shortfalls in the next year, an additional reconciliation should be completed by April 30, in order for the reduction amendment to be filed by the DESE due date (typically May 15<sup>th</sup> of each year.)
5. The Grant Accountant shall notify the Assistant Superintendent for Finance and Operations immediately of the need for any grant amendment or extension.

## D. Accounting Records

### 1. Accounting Records and Record Keeping

- a. The Business Office keeps and maintains all records related to state and federal grant awards. The Nutrition Services Department keeps and maintains all records related to the school nutrition services program.
- b. The official file maintained for grant awards includes the approved grant budget, approved amendments (if any), Grant Award Notice, payment notifications, Time and Effort Certifications, purchase orders, invoices, journal entry requests and other grant documentation.
- c. Records are retained according to the Commonwealth's Municipal Records Retention Schedule, as found at: <https://www.sec.state.ma.us/arc/arcrmu/rmuidx.htm>, the federal retention requirement for records by 2 C.F.R. § 200.333.
- d. Records retention procedures are discussed in greater detail in Section VI.

### 2. Chart of Accounts

- a. The District maintains a **chart of accounts** in compliance with DESE regulation and permits tracking of expenses by fund, fiscal year, award year, and source of funds.
- b. The District's chart of account structure is available at: [http://www.needham.k12.ma.us/departments/business\\_operations/business\\_office/financial\\_procedures](http://www.needham.k12.ma.us/departments/business_operations/business_office/financial_procedures).

### 3. Accounting adjustments follow the following process:

- a. **Budget adjustments** – approved only upon receipt of an approved budget amendment from the granting agency. Budget journal entries are posted to the General Ledger upon approval of the Assistant Superintendent for Finance and Operations.
- b. **Expenditure/Revenue Adjustments** – to correct a mis-posting. Expenditure journal entries are posted to the General Ledger upon approval of the Assistant Superintendent for Finance and Operations.
  - i. The School Bookkeeper, Gant Manager or Grant Accountant requests journal entry by submitting a request to the Accounting Help Desk.

- ii. The journal entry, with appropriate backup documentation, is submitted to the Assistant Superintendent for Finance and Operations for approval.
- iii. Upon written approval, the expenditure journal is entered into the Financial System and submitted for batch posting to the Town Accountant.
- iv. The General Ledger is adjusted by the approved journal entry.

## ***E. Spending Grant Funds***

As the recipient of federal funds, Needham Public Schools is responsible for administering the grant consistent with the grantors terms and conditions. Federal funds must be administered in a manner consistent with the cost principles contained in EDGAR and 2 CFR Part 200 the Uniform Administrative Requirements, Cost Principles and Audit Requirements for federal awards. The Assistant Superintendent for Finance and Operations is responsible for ensuring compliance with EDGAR and 2 CFR Part 200.

All expenditures from grant funds must follow the District's procurement and purchasing policies and procedures. Needham School Committee fiscal and purchasing policies are found at:

[http://www.needham.k12.ma.us/departments/business\\_operations/business\\_office/financial\\_procedures](http://www.needham.k12.ma.us/departments/business_operations/business_office/financial_procedures).

While developing and reviewing the grant budget, the Assistant Superintendent for Finance and Operations should keep in mind the difference between direct costs and indirect costs.

### **1. Direct and Indirect Costs**

#### ***a. Distinguishing between Direct & Indirect Costs***

- i. Direct costs are those costs that can be identified specifically with a particular final cost objective, such as a federal award, or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy. 2 C.F.R. § 200.413(a).
- ii. Indirect costs are those that have been incurred for a common or joint purpose benefiting more than one cost objective, and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved. 2 C.F.R. § 200.56.
- iii. Costs incurred for the same purpose in like circumstances must be treated consistently as either direct or indirect costs. 2 C.F.R. § 200.413(a).
- iv. Identification with the federal award rather than the nature of the goods and services involved is the determining factor in distinguishing direct from indirect costs of Federal awards. Typical costs charged directly to a Federal award are the compensation of employees who work on that award, their related fringe benefit costs, the costs of materials and other items of expense incurred for the Federal award. 2 C.F.R. § 200.413(b). The salaries of administrative and clerical staff should normally be treated as indirect costs. Direct charging of these costs may be appropriate only if all of the following conditions are met:
  1. Administrative or clerical services are integral to a project or activity;
  2. Individuals involved can be specifically identified with the project or activity;
  3. Such costs are explicitly included in the budget or have the prior written approval of the federal awarding agency; and
  4. The costs are not also recovered as indirect costs. 2 C.F.R. § 200.413(c).

***b. Indirect Cost Rate:***

- i. The Massachusetts Department of Elementary and Secondary Education (MA DESE) determines an unrestricted and restricted indirect cost rate for every district in the Commonwealth. The rates are determined annually based on information submitted in the End of Year report and are the maximum allowable rate for any fiscal year. A sample indirect cost rate determination is found in Appendix B.
- ii. Under 34 C.F.R. § 75.561 and 34 C.F.R. § 76.561, a state educational agency may approve an indirect cost rate for longer than one year.
- iii. According to MA DESE, if a district utilizes an indirect cost figure, it must be equal to or less than the currently approved restricted rate. The decision to recover indirect costs using these established rates is a local option. Needham Public Schools applies an indirect cost rate to some of its federal grants.
- iv. The MA DESE Grants Procedure Manual provides the following information on calculating the indirect cost allowable for a particular grant. The grant manual, and other important information, can be found at <http://www.doe.mass.edu/grants/>. Indirect rates cannot be applied to capital expenditures or to the indirect cost themselves. The following formula is recommended:
  1. Total entitlement;
  2. Minus capital expenditures (Line 10); and
  3. Divided by one plus the restricted rate.

The resulting amount is the amount that can be used for grant activities. When this amount is subtracted from the total entitlement, the result equals the amount allowed for indirect cost.

***c. Applying the Indirect Cost Rate:***

- i. Once the District has an approved indirect cost rate, the percentage is multiplied against the actual direct costs (excluding distorting items such as equipment, contracts in excess of \$25,000, pass-through funds, etc.) incurred under a particular grant to produce the dollar amount of indirect costs allowable to that award. 34 C.F.R § 75.564; 34 C.F.R. § 76.569. Once the District applies the approved rate, the funds that may be claimed for indirect costs have no federal accountability and may be used as if they were non-federal funds. For Direct Grants, reimbursement of indirect costs is subject to the availability of funds and statutory or administrative restrictions. 34 C.F.R. § 75.564.
- d. Where a federal program has a specific cap on the percentage of administrative costs that may be charged to a grant, that cap must include all direct administrative charges as well as any recovered indirect charges.

## 2. Determining Allowability of Costs

- a. Expenditures must be aligned with approved budgeted items. Any changes or variations from the state-approved budget and grant application need prior approval from the state.
- b. When determining how the District will spend its grant funds, the Assistant Superintendent for Finance and Operations 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. All costs supported by federal education funds must meet the standards outlined in EDGAR, 2 CFR Part 3474 and 2 CFR Part 200, which are provided in the bulleted list below. The Assistant Superintendent for Finance and Operations must consider these factors when making an allowability determination. Additional helpful questions to ask when making allowability determinations are found in Section II.E.5.
- c. Federal funds may not be used to supplant non-Federal funds, 34 C.F.R. § 76.563.
- d. To be considered allowable under a federal grant, an expense must:
  - i. **Be Necessary and Reasonable for the performance of the federal award.** District staff must consider these elements when determining the reasonableness of a cost. 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 to incur the cost was made. For example, reasonable means that sound business practices were followed, and purchases were comparable to market prices.
    1. When determining reasonableness of a cost, consideration must be given to:
      - a. Whether the cost is a type generally recognized as ordinary and necessary for the operation of the District or the proper and efficient performance of the federal award.
      - b. The restraints or requirements imposed by factors, such as: sound business practices; arm's-length bargaining; federal, state and other laws and regulations; and terms and conditions of the federal award.
      - c. Market prices for comparable goods or services for the geographic area.
      - d. Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the District, its employees, its students, the public at large, and the federal government.
      - e. Whether the district significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the federal award's cost. 2 C.F.R. §200.404
    2. While 2 C.F.R. §200.404 does not provide specific descriptions of what satisfies the "necessary" element beyond its inclusion in the reasonableness analysis above,

necessary is determined based on the needs of the program. Specifically, the expenditure must be necessary to achieve an important program objective. A key aspect in determining whether a cost is necessary is whether the district can demonstrate that the cost addresses an existing need, and can prove it. For example, the district may deem a language skills software program necessary for a limited English proficiency program.

- a. When determining whether a cost is necessary, consideration may be given to:
  - i. Whether the cost is needed for the proper and efficient performance of the grant program.
  - ii. Whether the cost is identified in the approved budget or application.
  - iii. Whether there is an educational benefit associated with the cost.
  - iv. Whether the cost aligns with identified needs based on results and findings from a needs assessment.
  - v. Whether the cost addresses program goals and objectives and is based on program data.
- ii. **Allocable to the federal award.** A cost is allocable to the federal award if the goods or services involved are chargeable or assignable to the federal award in accordance with the relative benefit received. This means that the federal grant program derived a benefit in proportion to the funds charged to the program. 2 C.F.R. §200.405. For example, if 50% of a teacher's salary is paid with grant funds, then that teacher must spend at least 50% of his or her time on the grant program.
- iii. **Consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the District.**
- iv. **Conform to any limitations or exclusions set forth as cost principles in Part 200 or in the terms and conditions of the federal award.**
- v. **Consistent treatment.** A cost cannot be assigned to a federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been assigned as an indirect cost under another award.
- vi. **Adequately documented.** All expenditures must be properly documented.
- vii. **Be determined in accordance with general accepted accounting principles (GAAP), unless provided otherwise in Part 200.**
- viii. **Not included as a match or cost-share, unless the specific federal program authorizes federal costs to be treated as such.** Some federal program statutes require the non-federal entity to contribute a certain amount of non-federal resources to be eligible for the federal

program. Under EDGAR, tuition and fees may not be collected from students and counted toward meeting matching, cost-sharing or maintenance of effort requirements. (34 C.F.R. §76.534.)

- ix. **Be net of all applicable credits.** The term “applicable credits” refers to those receipts or reduction of expenditures that operate to offset or reduce expense items allocable to the federal award. Typical examples of such transactions are: purchase discounts; rebates or allowances; recoveries or indemnities on losses; and adjustments of overpayments or erroneous charges. To the extent that such credits accruing to or received by the state relate to the federal award, they shall be credited to the federal award, either as a cost reduction or a cash refund, as appropriate. 2 C.F.R. §200.406.
  - 1. Purchases for goods and services paid for with grant funds shall be net of all applicable credits. To avoid the earning of “credits” where the benefits are not reimbursable or credited to the federal grant, personal reimbursements are discouraged for purchases made with federal grant funds. The district will take advantage of all prompt pay discounts. All payments from federal grants shall be processed through the Town’s accounting system.
  - 2. Part 200’s cost guidelines must be considered when federal grant funds are expended. As provided above, federal rules require state- and District-level requirements and policies regarding expenditures to be followed as well. For example, state and/or District policies relating to travel or equipment may be narrower than the federal rules, and the stricter State and/or District policies must be followed. Further, certain types of incentives are allowable under federal law, but are not allowable under State law.
- x. Payments for expenses which are ‘unallowed,’ either direct or indirect, must be refunded to the Federal Government.

### 3. Selected Items of Cost

- a. Part 200 examines the allowability of 55 specific cost items (commonly referred to as Selected Items of Cost) at 2 C.F.R. §§ 200.420-200.475. These cost items are listed in the chart below along with the citation where it is discussed whether the item is allowable. Do not assume that an item is allowable because it is specifically listed in the regulation, as it may be unallowable despite its inclusion in the selected items of cost section. The expenditure may be unallowable for a number of reasons, including: the express language of the regulation states the item is unallowable; the terms and conditions of the grant deem the item unallowable; or State/local restrictions dictate that the item is unallowable. The item may also be unallowable because it does not meet one of the cost principles, such as being reasonable because it is considered too expensive. If an item is unallowable for any of these reasons, federal funds cannot be used to purchase it.
- b. District personnel responsible for spending federal grant funds and for determining allowability must be familiar with the Part 200 selected items of cost section. The District must follow these rules

when charging these specific expenditures to a federal grant. When applicable, District staff must check costs against the selected items of cost requirements to ensure the cost is allowable. In addition, State, District and program-specific rules may deem a cost as unallowable and District personnel must follow those non-federal rules as well.

- c. The selected item of cost addressed in Part 200 includes the following (in alphabetical order):

<b>Item of Cost</b>	<b>Citation of Allowability Rule</b>
<b>Advertising and public relations costs</b> – to be allowable, must be necessary for the performance of the federal award, or the disposal of surplus supplies/equipment purchased with federal funds	2 CFR § 200.421
<b>Advisory councils</b> – unallowable	2 CFR § 200.422
<b>Alcoholic beverages</b> – unallowable	2 CFR § 200.423
<b>Alumni/ae activities</b> – unallowable	2 CFR § 200.424
<b>Audit services</b> – allowable, if part of the Single Audit requirements	2 CFR § 200.425
<b>Bad debts</b> (“debts which have been determined to be uncollectible”) and related collection costs – unallowable	2 CFR § 200.426
<b>Bonding costs</b> – allowable	2 CFR § 200.427
<b>Collection of improper payments</b> – allowable	2 CFR § 200.428
<b>Commencement and convocation costs</b> – unallowable	2 CFR § 200.429
<b>Compensation – personal services</b> – generally allowed if reasonable and rendered during grant period to meet federal award objectives	2 CFR § 200.430
<b>Compensation – fringe benefits</b> – generally allowed if reasonable and rendered during grant period to meet federal award objectives	2 CFR § 200.431
<b>Conferences</b> – allowable if necessary and reasonable for federal	2 CFR § 200.432



award	
<b>Contingency provisions</b> – allowable, with restrictions	2 CFR § 200.433
<b>Contributions and donations</b> - unallowable	2 CFR § 200.434
<b>Defense and prosecution of criminal and civil proceedings, claims, appeals and patent infringements</b> - unallowable	2 CFR § 200.435
<b>Depreciation</b> – allowable, if properly allocated to federal award	2 CFR § 200.436
<b>Employee health and welfare costs</b> – allowable, provided costs are in accordance with District policy and are properly allocated to federal award	2 CFR § 200.437
<b>Entertainment costs</b> - unallowable	2 CFR § 200.438
<b>Equipment and other capital expenditures (unit cost &gt; \$5,000)</b> – special purpose equipment allowable with prior written approval of awarding agency. Capital expenditures for the acquisition of real property or for improvements to land, buildings and equipment are unallowable, except with prior written approval of awarding agency. Equipment and capital expenses are unallowable as indirect costs.	2 CFR § 200.439 34 CFR § 76.533
<b>Exchange rates</b> - allowable	2 CFR § 200.440
<b>Fines, penalties, damages and other settlements</b> - unallowable	2 CFR § 200.441
<b>Fund raising and investment management costs</b> - unallowable	2 CFR § 200.442
<b>Gains and losses on disposition of depreciable assets</b> – allowable, provided they are recognized as a credit to the applicable asset grouping. Restrictions apply	2 CFR § 200.443
<b>General costs of government</b> - unallowable	2 CFR § 200.444
<b>Goods and services for personal use</b> - unallowable	2 CFR § 200.445

<b>Idle facilities and idle capacity</b> – allowable with restrictions	2 CFR § 200.446
<b>Insurance and indemnification</b> – allowable with limitations	2 CFR § 200.447
<b>Intellectual property</b> – allowable	2 CFR § 200.448
<b>Interest</b> – unallowable, except to acquire, construct or replace capital assets	2 CFR § 200.449
<b>Lobbying</b> - unallowable	2 CFR § 200.450
<b>Losses on other awards or contracts</b> - unallowable	2 CFR § 200.451
<b>Maintenance and repair costs</b> – allowable	2 CFR § 200.452
<b>Materials and supplies costs, including costs of computing devices</b> – allowable if charged net of applicable credits	2 CFR § 200.453
<b>Memberships, subscriptions, and professional activity costs</b> – allowable	2 CFR § 200.454
<b>Organization costs</b> - unallowable	2 CFR § 200.455
<b>Participant support costs</b> – allowable	2 CFR § 200.456
<b>Plant and security costs</b> – allowable, where necessary and reasonable	2 CFR § 200.457
<b>Pre-award costs (program costs incurred prior to effective award date)</b> – allowable, with prior approval of awarding agency	2 CFR § 200.458
<b>Professional services costs</b> – allowable, where reasonable	2 CFR § 200.459
<b>Proposal costs (cost of preparing applications)</b> – allowable as indirect only for current accounting period	2 CFR § 200.460
<b>Publication and printing costs</b> – allowable	2 CFR § 200.461

<b>Rearrangement and reconversion costs</b> – allowable, with approval of awarding agency	2 CFR § 200.462
<b>Recruiting costs</b> – allowable, as part of a standard recruitment program	2 CFR § 200.463
<b>Relocation costs of employees</b> – allowable, subject to restrictions	2 CFR § 200.464
<b>Rental costs of real property and equipment</b> – allowable, if necessary and reasonable	2 CFR § 200.465
<b>Scholarships and student aid costs</b> – allowable, when the purpose of the federal award is to provide such costs and approved by the awarding agency	2 CFR § 200.466
<b>Selling and marketing costs</b> – allowable as direct costs only when necessary and approved in advance by awarding agency	2 CFR § 200.467
<b>Specialized service facilities (computing facilities, wind tunnels, reactors, etc.)</b> - allowable	2 CFR § 200.468
<b>Student activity costs</b> - unallowable	2 CFR § 200.469
<b>Taxes (including Value Added Tax)</b> – allowable, if the District is legally required to pay such tax	2 CFR § 200.470
<b>Termination costs (arising from termination of a federal award)</b> – unallowable, with exceptions	2 CFR § 200.471
<b>Training and education costs</b> - allowable	2 CFR § 200.472
<b>Transportation costs (freight)</b> - allowable	2 CFR § 200.473
<b>Travel costs (transportation, lodging, subsistence)</b> – allowed if reasonable, for official business, and if consistent with District policies for non-federally funded travel	2 CFR § 200.474

<b>Trustees (travel and subsistence costs) - allowable</b>	2 CFR § 200.475
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- d. Likewise, it is possible for the State and/or District to put additional requirements on a specific item of cost. Under such circumstances, the stricter requirements must be met for a cost to be allowable. Accordingly, employees must consult federal, State and District requirements when spending federal funds. Massachusetts’s procurement laws are more restrictive than the federal guidelines; therefore, all purchases must follow state procurement laws.
- e. In order for a cost to be allowable, the expenditure must also be allowable under the applicable program statute (e.g., Title I of the Elementary and Secondary Education Act (ESEA), or the Carl D. Perkins Career and Technical Education Act (Perkins)), along with accompanying program regulations, non-regulatory guidance and grant award notifications.
- f. The State and/or District rules related to some specific cost items are discussed below. District employees must be aware of these State and District rules and ensure they are complying with these requirements.
  - i. Technology purchases (hardware, software and web-based systems) require the prior approval of the Director of Digital Learning. New purchases must be compatible with current operating, storage and network configurations.
  - ii. Furniture (including carpet) purchases must meet the following fire requirements:
    1. Carpets: must meet Class II interior finish and comply with National Fire Protection Association (NFPA) 253 and meet the state building code regulations (780 CMR 780). Carpets must meet the “pill test” and meet the Department of Commerce (DOC) FF-1 “pill test” as stated in the Code of Federal Regulations 16 CFR, Part 1630. Permanent labels must be affixed to the carpet ensuring compliance with the above stated fire requirements.
    2. Furniture: All furniture purchases must comply with the California Technical Bulletin 133 and regulated by 527 CMR 29 (Board of Fire Protection Regulations). Permanent labels must be affixed to the furniture ensuring compliance with the above stated fire requirements.
    3. Decorations, Curtains, Draperies, Blinds and Other Window Treatments: All purchases in this category shall meet the applicable test(s) described in NFPA 701 and regulated by 527 CMR 21 (Board of Fire Protection Regulations).
  - iii. Professional development (workshops, conferences and consultants) must be consistent with the District’s goals and objectives.

#### 4. Frequent Types of Costs

##### *a. Travel:*

- i. Travel costs are the expenses for transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of a grant recipient. Such costs may be charged on an actual cost basis, on a per diem or mileage basis in lieu of actual costs incurred, or on a combination of the two, provided the method used is applied to an entire trip and not selected days of the trip, and results in charges consistent with those normally allowed in like circumstances in the recipient's non-federally funded activities and in accordance with the recipient's written travel reimbursement policies. 2 C.F.R §200.474(a).
- ii. Costs incurred by employees and officers for travel, including costs of lodging, other subsistence, and incidental expenses, must be considered reasonable and otherwise allowable only to the extent such costs do not exceed charges normally allowed by the District in its regular operations as the result of its written travel policy. In addition, if these costs are charged directly to the federal award, documentation must be maintained that justifies that (1) participation of the individual is necessary to the federal award; and (2) the costs are reasonable and consistent with the District's established policy. 2 C.F.R §200.474(b).

#### 5. Helpful Questions for Determining Whether a Cost is Allowable

- a. In addition to the cost principles and standards described above, the Assistant Superintendent for Finance and Operations, Grant Manager and Grant Writer can refer to this section for a useful framework when performing an allowability analysis. In order to determine whether federal funds may be used to purchase a specific cost, it is helpful to ask the following questions:
  - i. Is the proposed cost allowable under the relevant program?
  - ii. Is the proposed cost consistent with an approved program plan and budget?
  - iii. Is the proposed cost consistent with program specific fiscal rules?
  - iv. For example, the District may be required to use federal funds only to supplement the amount of funds available from nonfederal (and possibly other federal) sources.
  - v. Is the proposed cost consistent with EDGAR?
  - vi. Is the proposed cost consistent with specific conditions imposed on the grant (if applicable)?
- b. As a practical matter, the Assistant Superintendent for Finance and Operations, Grant Manager and Grant Writer should also consider whether the proposed cost is consistent with the underlying needs of the program. For example, program funds must benefit the appropriate population of students for which they are allocated. This means that, for instance, funds allocated under Title III of the Elementary and Secondary Education Act (ESEA) governing language instruction programs for limited English proficient (LEP) students must only be spent on LEP students and cannot be used to

benefit non-LEP students. Further, under most major elementary and secondary education programs, recipients may use federal funds only to supplement the amount of funds available from nonfederal sources for the education of students participating in the program. The recipients cannot use federal funds to supplant nonfederal funds that would otherwise have been used for the expenditure in question.

- c. Also, funds should be targeted to address areas of weakness, as necessary. To make this determination, the Business Office should review data when making purchases to ensure that federal funds to meet these areas of concern.

## **F. Federal Cash Management Policy/Procedures**

1. The District will comply with applicable methods and procedures for payment that minimize the time elapsing between the transfer of funds and disbursement by the District, in accordance with the Cash Management Improvement Act at 31 CFR Part 205. Generally, the District receives payment from the Massachusetts Department of Elementary and Secondary Education, the Massachusetts Department of Public Health, and the Massachusetts Department of Early Education and Care on a reimbursement basis. (2 CFR § 200.305) However, if the District receives an advance in federal grant funds, the District will remit interest earned on the advanced payment quarterly to the federal agency. The District may retain interest amounts up to \$500 per year for administrative expenses. 2 CFR § 200.305(b) (9).
2. According to guidance from the U.S. Department of Education (ED), when calculating the interest earned on ED grant funds, regardless of the date of obligation, interest is calculated from the date that the federal funds are drawn down from the G5 system until the date on which those funds are disbursed by the LEA.
3. Interest would not accrue if the LEA uses nonfederal funds to pay the vendor and/or employees prior to the funds being drawn down from the G5 system, commonly known as a reimbursement.

### **4. Payment Process for State and Federal Grants:**

- a. The Federal Grant Appropriation System follows a "partial advance funding" practice, which can impact the major entitlement programs including, *Titles I, II-A*, special education (IDEA), and Perkins grant programs. Each year, the DESE will receive an initial FY award letter in July from the United States Department of Education (USED) authorizing the distribution of a portion of each federal grant through September 30, of that year. The DESE will receive a second award letter for the balance of the allocations in early October.

- i. Therefore, for federal grants needing September 1 start dates:

1. The DESE will prorate initial allocations to districts in amounts not to exceed the amount received from USED. These amounts will vary from program to program depending on the actual percentages the DESE receives in the July awards for each program. The initial award letter issued from Grants Management will indicate a reduced total award amount, as well as a prorated initial payment. For grants

approved prior to September 1, this initial award letter will be for the full year grant period. The DESE expects to receive the allocation balances from USED in early October, and districts may submit requests for second payments by the October RF-1 payment period according to program need. Federal and state cash management requirements that grant funds be distributed on an as needed basis are still in effect, however, the allotment schedule detailed on the standard Request for Funds form (RF-1), should be adjusted accordingly for this payment.

2. The DESE will issue updated award notices with the October payments, reflecting the full award amounts.
- b. Once grants are approved and deemed technically correct, the Grants Payment unit will complete the process to generate an initial payment authorization by the State Comptroller. The payments for grants are determined based on the following standard allotment schedule:
- i. Awards  $\leq$  \$5,000: Full payment with initial award.
  - ii. Awards  $>$  \$5,001:
    1. All grants will receive an initial payment automatically upon approval, the amount of which is equal to the total grant award divided by the number of months in the grant duration.
    2. Subsequent payments must be requested on a monthly basis.
  - iii. Upon approval, a *Payment Notification* is generated and sent to the authorized signatory and the listed 'control user' for each grant. This notice provides important basic information about the grant, such as the project number, project duration, approved grant total amount, and amount of the initial payment.
  - iv. The initial payment is the only one that is sent to recipients automatically. To ensure that funds are distributed on an "as needed" basis in accordance with both state and federal cash management requirements, the balance of funds must be requested according to the above schedule.
  - v. State Form RF1 is used to request funds through an on-line process, which has been developed to document the Department's distribution of funds on an "as needed" basis. The requests should be based, as much as possible, on **actual expenditures**, rather than what is obligated. Unexpended monthly balances should not exceed 10% of funds received to date. It is incumbent upon grant recipients to observe their expenditures closely and submit their RF1 forms within the designated timeframe, usually the last two weeks of the month, for requesting cash advances. Grant recipients may make requests in excess of the allotment schedule but must include a justification explaining the need for additional funds and additional documentation may be required.

- vi. By submitting a request the grantee certifies that the request is in compliance with the "Cash Management Act" (31CFR part 205) and EDGAR regulations (34 CFR part 80.20 and 80.21), which allow for cash advances provided grantees maintain procedures to minimize the time elapsing between the receipt and disbursement of grant funds. Additionally, the grantee certifies that the obligations incurred under this project for which funds are requested, were made within the period of availability (project duration) stated in the grant award notice. The grant records in support of each request must be in sufficient detail to properly substantiate all claims for payment and expenditures made under the grant. Although these grant records are not required to be submitted with each monthly request, they must be available for inspection by Department staff at any time.
- vii. Adjustments to grant payments are made in the final payment. For example, the amount of money Grants Management sends directly to the Massachusetts Teachers Retirement System (MTRS) on behalf of school system is deducted from the final payment on their federally-funded grants.
- viii. In general, grants are awarded for a period of one school year at a time. Because of differences in the state and federal fiscal years, there will be differences in the grant duration between state and federal grants. Typically, a state funded grant will have a start date in July or August, with an end date of the following June 30<sup>th</sup>, which is the end of the state fiscal year.
- ix. Most federal grants will more closely follow the federal fiscal year (October 1, to September 30), and usually start September 1, and end the following August 31. Regardless of the funding source, the final payment on all grants must be requested before the end of the state's accounts payable period, which is August 31. In the month(s) before the accounts payable deadline, Grants Management will send notice to all grantees with remaining unclaimed funds reminding them that failure to claim in time may result in the loss of those funds.

**5. Payment Methods for State and Federal Grants:**

- a. **Reimbursements:** The District will initially charge federal grant expenditures to nonfederal funds.
  - i. The Grant Accountant will request reimbursement for actual expenditures incurred under the federal grants on a monthly basis.
    - 1. By the 20th of each month, the Grant Accountant will reconcile the accounts and update the all grant tracking sheets.
    - 2. Once completed, the Grant Accountant will log into the Massachusetts Department of Elementary and Secondary Education (MA DESE) grant management system (<https://edgrants.eoe.mass.edu/grantium/index.jsf>) to request funds. For Special Education IDEA, Title I and Title IIA (current year and carry forward), the MA DESE will notify Needham when the requests can be submitted. Currently, these are done through a separate excel based request form monthly. The Massachusetts



Department of Early Education and Care revenue is requested quarterly through a paper process.

3. The request for funds form (in electronic or paper format) is updated to reflect the year-to-date expenditures and amount of funds requested, but not submitted. All reimbursements are based on actual disbursements, not on obligations. In addition, cash requests do not include the amounts paid by MA DESE to the Massachusetts Teachers' Retirement Board (MTRB.)
  4. The request form is printed and sent with the associated general ledger report as backup to the Assistant Superintendent for Finance and Operations for approval.
  5. Upon approval via signature by the Assistant Superintendent for Finance and Operations, the Grant Accountant submits the cash request.
- ii. The Massachusetts Department of Elementary and Secondary Education (MA DESE) and the Massachusetts Department of Early Education and Care will process reimbursement requests in a timely manner.
  - iii. 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 to the granting agency for review upon request. Reimbursements of actual expenditures do not require interest calculations.

***b. Advances:***

- i. To the extent the District receives advance payments of federal grant funds, the District will strive to expend the federal funds on allowable expenditures as expeditiously as possible. Specifically, the District attempts to expend all drawn downs of federal funds within 72 hours of receipt.
- ii. The District will hold federal advance payments in interest-bearing accounts, unless an allowable exception applies. The District will begin to calculate interest earned on cash balances once funds are deposited into the District's account.

**G. Timely Obligation of Funds**

**1. When Obligations are Made**

- a. Obligations are orders placed for property and services, contracts and sub-awards made, and similar transactions during a given period that require payment by the non-Federal entity during the same or a future period. 34 C.F.R. § 200.71
- b. The following table illustrates when funds are determined to be obligated under federal regulations:

<b>If the obligation is for:</b>	<b>The obligation is made:</b>
Acquisition of property	On the date which the District makes a binding written commitment to acquire the property
Personal services by an employee of the District	When the services are performed
Personal services by a contractor who is not an employee of the District	On the date which the District makes a binding written commitment to obtain the services
Public utility services	When the District receives the services
Travel	When the travel is taken
Rental of property	When the District uses the property
A pre-agreement cost that was properly approved by the Secretary under the cost principles in 2 CFR Part 200, Subpart E- Cost Principles.	On the first day of the project period.

34 C.F.R. § 75.707; 34 C.F.R. § 76.707.

## **2. Period of Performance of Federal Funds**

- a. All obligations must occur on or between the beginning and ending dates of the grant project. 2 C.F.R. § 200.309. This period of time is known as the period of performance. 2 C.F.R. § 200.77. The period of performance is dictated by statute and will be indicated in the GAN. Further, certain grants have specific requirements for carryover funds that must be adhered to.
  - i. *State-Administered Grants:* As a general rule, state-administered federal funds are available for obligation within the year that Congress appropriates the funds for. However, given the unique nature of educational institutions, for many federal education grants, the period of availability is 27 months. Federal education grant funds are typically awarded on July 1 of each year. While the District will always plan to spend all current grant funds within the year the grant was appropriated for, the period of obligation for any grant that is covered by the “Tydings Amendment” is 27 months, extending from July 1 of the fiscal year for which the funds were appropriated through September 30 of the second following fiscal year. This maximum period includes a 15-month period of initial availability, plus a 12-month period

for carryover. 34 C.F.R. § 76.709. For example, funds awarded on July 1, 2015 would remain available for obligation through September 30, 2017.

- ii. *Direct Grants*: In general, the period of availability for funds authorized under direct grants is identified in the GAN.
- b. For both state-administered and direct grants, regardless of the period of availability, the District must liquidate all obligations incurred under the award not later than 90 days after the end of the funding period unless an extension is authorized. 2 C.F.R. § 200.343(b). Any funds not obligated within the period of availability or liquidated within the appropriate timeframe are said to lapse and must be returned to the awarding agency. 2 C.F.R. § 200.343(d). Consequently, the District closely monitors grant spending throughout the grant cycle.

### 3. Carryover

#### a. *DESE Process to Carry-Over Grant Funds*

- i. Many recipients of federal *carryover* grants often plan to limit spending in a current grant year in order to have *carryover* funds available to cover possible shortfalls the next year. Because of the extended time lag of 60 days (or longer) from the end date of a grant, through submission of the final report and return of funds, and submission of a *carryover grant* application, grantees usually lose a significant amount of the *Tydings* time for use of those funds.
- ii. In an effort to reduce this lag time, as well as assist in generating more timely and accurate final reports, the Department strongly recommends that grantees conduct A Preliminary Expenditure Review. The intent is to encourage recipients to review grant expenditures within a timeframe (April/May) that allows for a reasonably early determination of which grants will end with an unexpended balance that will have to be returned.
- iii. At this point in the grant's lifecycle, a reduction amendment will be required to be submitted for certain carryover grants, to reduce the grant by the projected unexpended amount. For all those grants that allow for some form of carryover, reducing the current grant total by the *carryover* amount in advance will free those funds for access at the start of the next year's grant cycle, rather than several months into the new school year. Such a reduction will also lessen the likelihood of grantees unnecessarily drawing down funds, and creating a possible cash management violation.
- iv. Due to restrictions within the Massachusetts state accounting system, any such reduction amendments must be approved (by the appropriate program unit) and submitted to Grants Management no later than the DESE due date (typically May 15<sup>th</sup> of each year.) Amendments submitted after that date may not be processed in time to change the original grant encumbrance.
- v. *All grants, whether carryover eligible or not, would benefit from the preliminary expenditure review, and if appropriate, submission of a reduction amendment to eliminate the need to return funds that clearly will not be used by the end date of the grant.*

- b. ***State-Administered Grants:*** As described above, the Tydings Amendment extends the period of availability for applicable state-administered program funds. Essentially, it permits recipients to “carryover” any funds left over at the end of the initial 15-month period into the next year. These leftover funds are typically referred to as carryover funds and continue to be available for obligation for an additional 12 months. 34 C.F.R. § 76.709. Accordingly, the District may have multiple years of grant funds available under the same program at the same time.
- i. Once a carryover GAN has been received, the grant end date is officially extended. Per the G3 process, filing the final grant report is deferred to the end of the extension period.
  - ii. The grant account remains open for continued spending through the extension period.
  - iii. A copy of the carryover GAN is forwarded to the Town Accountant for her files
- c. ***Direct Grants:*** Grantees receiving direct grants are not covered by the 12-month Tydings period. However, under 2 C.F.R. § 200.308, direct grantees enjoy unique authority to expand the period of availability of federal funds. The District is authorized to extend a direct grant automatically for one 12-month period. Prior approval is not required in these circumstances; however, in order to obtain this extension, the District must provide written notice to the federal awarding agency at least 10 calendar days before the end of the period of performance specified in the award. This one-time extension may not be exercised merely for the purpose of using unobligated balances.
- i. If an extension is desired, the District will seek prior approval from the federal agency when the extension will not be contrary to federal statute, regulation or grant conditions and:
    1. The terms and conditions of the Federal award prohibit the extension;
    2. The extension requires additional Federal funds; or
    3. The extension involves any change in the approved objectives or scope of the project. 2 C.F.R. § 200.308(d) (2).
  - ii. The procedure for requesting an extension of a Direct Grant is:
    1. If a surplus is anticipated due to unmet program objectives, the Grant Manager will notify the Grant Accountant and/or Assistant Superintendent for Finance and Operations of the need for an extension and of the following:
      - a. The grant objective(s) that were not met and the financial implications;
      - b. Explanation of why the objective(s) were not met;
      - c. Financial and / or personnel impact on Needham Public Schools if an extension is granted;
      - d. Revised period of performance; and
      - e. Steps, justification and timeline needed to complete the extension request.

2. The Superintendent or Assistant Superintendent for Finance and Operations will approve and request any extension, as appropriate.

## **H. Program Income**

### **1. Definition –**

- a. Program income means gross income earned by a grant recipient that is directly generated by a supported activity or earned as a result of the federal award during the grant's period of performance. 2 C.F.R. § 200.80.
- b. Program income includes, but is not limited to, income from fees for services performed, the use or rental of real or personal property acquired under federal awards, the sale of commodities or items fabricated under a federal award, license fees and royalties on patents and copyrights, and principal and interest on loans made with federal award funds. Interest earned on advances of federal funds is not program income. Except as otherwise provided in federal statutes, regulations, or the terms and conditions of the federal award, program income does not include rebates, credits, discounts, and interest earned on any of them. 2 C.F.R. § 200.80. Additionally, taxes, special assessments, levies, fines, and other such revenues raised by a recipient are not program income unless the revenues are specifically identified in the federal award or federal awarding agency regulations as program income. Finally, proceeds from the sale of real property, equipment, or supplies are not program income. 2 C.F.R. § 200.307.

### **2. Use of Program Income**

- a. The default method for the use of program income for the District is the deduction method: 2 C.F.R. § 200.307(e). Under the deduction method, program income is deducted from total allowable costs to determine the net allowable costs. Program income will only be used for current costs unless the District is otherwise directed by the federal awarding agency or pass-through entity. 2 C.F.R. § 200.307(e) (1). The LEA may also request prior approval from the federal awarding agency to use the addition method. Under the addition method, program income may be added to the Federal award by the Federal agency and the non-Federal entity. The program income must then be used for the purposes and under the conditions of the Federal award. 2 C.F.R. § 200.307(e) (2).
- b. While the deduction method is the default method, the District always refers to the GAN prior to determining the appropriate use of program income.

## I. Grant Close Out and Final Reporting Process

### 1. Final Reporting Process –

- a. Final Grant Reports are filed in accordance with the awarding agency's procedures and timeline. Final reports for DESE-administered grants must be submitted within sixty (60) days of the end date of the grant. Direct federal and local grants may have different submission deadlines.
- b. The following process is followed in Needham to close out grants:
  - i. The Grant Manager prepares all final reports of a programmatic nature only.
    1. If the programmatic final report is filed separately from the final financial report, the Grant Manager forwards the programmatic final report directly to the awarding agency.
    2. If the programmatic report is filed as an attachment to, or a component of the final financial report, the Grant Manager forwards the final programmatic report to the Grant Accountant.
  - ii. After all grant transactions are completed and posted, the Grant Accountant prepares the final financial report and submits it to the Assistant Superintendent for Finance and Operations for signature approval, along with the General Ledger record and programmatic final report (if filed as an attachment to, or a component of the final financial report.) The General Ledger record must tie to the final expenditures reported in the final financial report.
  - iii. If there are unexpended grant funds, the funds either are returned to the granting agency or carried over to the next funding year, as applicable and permissible, according to the procedures below.
  - iv. Upon approval of the Assistant Superintendent for Finance and Operations, the Grant Accountant sends the final report along with any unexpended funds to the granting agency within sixty (60 days.) The final report may be submitted in hard copy or uploaded in electronic format, as directed by the awarding agency.

### 2. Unexpended Funds:

#### *a. Return of Unexpended Funds:*

- i. For DESE-administered state and federal grants, unexpended funds must be returned with the Final Financial Report (FR-1) each year. For grants funded with state money, unexpended amounts must be returned to Grants Management and these funds revert to the state at the conclusion of the fiscal year and cannot be reused. Unexpended amounts of \$1.00 or less do not have to be returned. For all grants, the FR-1 and any unexpended funds must be submitted to Grants Management within sixty (60) days of the end date of the grant.
- ii. Most federal grants contain a provision known as the Tydings Amendment, which means that the funds are awarded to the state for use within a 27-month period. For grants funded with federal money, the Department currently has two different methods of ensuring that funds are expended within a twenty-seven month period so that money that has to be returned to the federal government is kept to a minimum.

- iii. **Title I Policy:** Currently, the Title I-305 program has a specific carryover limitation within the program regulations. This means that for these grants, recipients with unexpended balances, within certain limits, retain access to those funds for the remainder of the Tydings period. Title I limits the amount a recipient may carry over to 15% of the original entitlement. If the amount of carryover exceeds this limit, a waiver is usually required in order to retain access.
- iv. **Title III Policy:** In the case of Title III grants (fund code 180); the grant period is stated in the Request for Proposals (RFPs). The Title III grant is for support of programs for students with limited English proficiency, and the data used to determine the allocations for this special population are often delayed at the start of the grant cycle, but most grants to districts are still usually in place by the start of the regular school year (September 1<sup>st</sup>). Carryover is permitted; however, grantees must return to ESE any funds that are not expended within the stated grant period. Upon return of the funds, districts may reapply for the funds for the following year, consistent with Title III and Department guidelines and timelines.
- v. **Title III Policy:** Pursuant to Section 3114(c) of the ESEA, when Title III funds allocated to a grantee under that section are not or will not be used by the grantee for the purpose for which the allocation was made, ESE will reallocate the funds to other eligible entities in the State that ESE determines will use the amount to carry out Title III purposes. ESE will prioritize the reallocation of these funds to Level 3 and Level 4 districts based on the needs of district LEP and immigrant students, as determined by ESE. ESE reserves the right to determine the criteria for re-allocating Title III funds in this regard.
- vi. **Perkins Vocational Ed Program Policy:** For the Perkins (Fund Code: 400) Vocational Education grant, the program regulations do not allow carryover and for most non-entitlement programs, the returned funds are tracked in terms of their fiscal year but they are no longer considered as belonging to a particular school or district. They simply become part of the pool of old money available to the Department for redistribution. Each program has its own requirements governing how these funds are reallocated within the remainder of the 27 month Tydings period.
- vii. As with all grants, the FR-1 and any unexpended funds must be submitted to Grants Management within sixty (60) days of the grant end date.

#### **b. Carry-Over Funds**

- i. The process for carrying-over funds is described in Section II.G.3.

### **III. Procurement System**

The District maintains the following purchasing procedures.

#### **A. Responsibility for Purchasing**

1. The Assistant Superintendent for Finance and Operations is the purchasing agent for the School District and as such, retains the authority to review and approve all purchases. Needham Public Schools requires all requests to purchase goods or services be initiated through the Town's financial system via a requisition request. Principals and Central Office administrators may request access to the financial system for themselves and the Bookkeeper assigned to their department. The Assistant Superintendent for Finance and Operations, working through the Town Accountant, provides appropriate access (security) in the financial system.
2. The School Bookkeeper enters departmental requisitions directly into the financial system, where they become part of an electronic approval queue.
  - a. Requisition requests first are approved by the Department Head, followed by the School Principal (if not the same individual.)
  - b. Upon approval, the requisition is routed to School Business Office for review.
  - c. The School Business Office reviews each requisition request for accuracy and completeness and then forwards the requisitions to the Assistant Superintendent for Finance and Operations for approval.
  - d. Once approved, requisitions are routed to Accounts Payable where they are converted to purchase orders and sent to the vendor.
3. Financial system users are set up with budgetary controls in place that prevent a user from processing a requisition in excess of the budgeted amounts.

#### **B. Purchase Methods**

##### **1. General requirements:**

- a. The District must use its own documented procurement procedures that reflect state and local law and regulation, provided that these procedures also conform to applicable federal law and the standards of 2 C.F.R. § 200.318 - § 200.326. The state's procurement rules are outlined in:
  - i. M.G.L. Chapter 30B, procurement of supplies and services.
  - ii. M.G.L. Chapter 149, building construction contracts.



- iii. M.G.L. Chapter 30 s. 39M, public works (non-building) construction contracts.
  - iv. M.G.L. Chapter 30 s. 39M, construction materials procurements (without labor)
  - v. M.G.L. Chapter 7C s. 44-57, public building projects design services
- b. The type of purchase procedures required depends on the cost of the item(s) being purchased
  - c. Federal procurement rules also must be followed for purchases from federal programs or awards. To ensure compliance with all applicable standards, purchasers are required to follow the strictest federal, state and local standard that also encompasses all of the other standards in each procurement situation. For instance, although a \$12,500 contract for staff development services is exempt from state purchasing requirements, the federal requirements for purchases of between \$10,000 and \$250,000 still must be followed.
  - d. The Assistant Superintendent for Finance and Operations is the Needham Public Schools' Procurement Officer. The Director of Finance/Asst. Town Manager is the Chief Procurement Officer for the Town of Needham.
  - e. All procurements must be made utilizing Needham Public Schools purchasing process, forms and contract templates. Forms and contract templates are available at [http://www.needham.k12.ma.us/departments/business\\_operations/business\\_office/staff\\_forms](http://www.needham.k12.ma.us/departments/business_operations/business_office/staff_forms).
  - f. The Needham Public School purchasing process is described at: [http://www.needham.k12.ma.us/departments/business\\_operations/business\\_office/financial\\_procedures](http://www.needham.k12.ma.us/departments/business_operations/business_office/financial_procedures).
  - g. Authorized parties must sign all contracts. Current signature authority is defined below:
    - i. M.G.L. Ch. 30B purchases up to \$49,999 – Assistant Superintendent for Finance and Operations
    - ii. M.G.L. Ch. 30B purchases between \$50,000 - \$1,500,000/year, up to a maximum contract of \$4,500,000 over three years – Superintendent.
    - iii. M.G.L. Ch. 30B purchases in excess of the above thresholds, or any selected purchase – Needham School Committee.
    - iv. M.G.L. Ch. 149, Ch. 30 s. 39M purchases up to \$9,999 - Assistant Superintendent for Finance and Operations
    - v. M.G.L. Ch. 149, Ch. 30 s. 39M, Ch. 7C s. 44-57 purchases in all other amounts – Town Manager
  - h. Other requirements:
    - i. Software licenses can only be purchased for one-year at a time.

- ii. Technology purchases (software, hardware, network) require the prior approval of the Technology Department for consistency with existing equipment, software and infrastructure.

**2. Purchases up to \$10,000 (Sound Business Practices)**

- a. MGL Ch30B and 2 C.F.R. §200.318 – 326 govern the procurement of supplies and services under \$10,000.
- b. As such, the purchasing procedure is “sound business practices.” This is defined as ensuring the receipt of favorable prices by periodically soliciting price lists or quotes.
- c. No formal advertising is required.
- d. The contract (no formal writing required) is awarded to the vendor offering the best price.

**3. Purchases between \$10,000 and \$49,999 (Solicit Quotes)**

- a. MGL Ch30B and 2 C.F.R. §200.318 – 326 govern the procurement of supplies and services costing between \$10,000 and \$49,999.
- b. The procurement procedure is the solicitation of three written quotes. The Business Office recommends that a written purchase description be provided to all vendors, to ensure an ‘apples to apples’ comparison of prices.
- c. No formal advertising is required.
- d. The contract is awarded to the responsible and responsive vendor offering the lowest price. A responsible vendor is defined one, which has the capability to perform fully the contract requirements, and the integrity and reliability to assure good faith performance. A responsive bidder is defined as one who has submitted a bid or proposal that conforms in all respects to the invitation for bids or requests for proposals.
- e. A written contract is required. Needham schools and departments must use the District’s standard contract forms for purchases under \$50,000.
- f. For all service contracts, a certificate of liability insurance is required that names the Town of Needham as an additional insured. Coverage amounts are as follows: at least \$300,000 per occurrence and \$500,000 aggregate for bodily injury liability and \$100,000 per occurrence for property damage liability. In the even the agreement is for professional services, the contractor must carry professional malpractice or Errors and Omissions liability insurance with minimum limits of \$100,000 per occurrence and a maximum deductible of \$10,000.
- g. A contract cannot exceed three years unless Town Meeting has authorized a longer contract period.
- h. All contracts are subject to appropriation and fiscal year payment restrictions.

#### 4. Purchases over \$50,000 (Sealed Bids or Proposals)

##### a. *Sealed Bids:*

- i. For purchases of goods and services over \$50,000, bids are publicly solicited and a firm fixed price contract (lump sum or unit price) is awarded to the responsive and responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price.
- ii. The sealed bid method outlined by M.G.L. Ch. 149 is the required method for procuring building construction, if the following conditions apply:
  1. A complete, adequate, and realistic specification or purchase description is available;
  2. Two or more responsible bidders are willing and able to compete effectively for the business; and
  3. The procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally on the basis of price.
- iii. If sealed bids are used, the following requirements apply:
  1. Bids must be solicited from an adequate number of known suppliers, providing them sufficient response time prior to the date set for opening the bids, for state, local, and tribal governments, the invitation for bids must be publically advertised;
  2. The invitation for bids, which will include any specifications and pertinent attachments, must define the items or services in order for the bidder to properly respond;
  3. All bids will be opened at the time and place prescribed in the invitation for bids, and for local and tribal governments, the bids must be opened publicly;
  4. A firm fixed price contract award must be made in writing to the lowest responsive and responsible bidder.
- iv. Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs must be considered in determining which bid is lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of. Any or all bids may be rejected if there is a sound documented reason.
- v. Advertising is required once in a newspaper of general circulation and on the Town of Needham procurement website at least two weeks before bids or proposals are due. If the contract is for goods or services costing \$100,000 or more, the bid must be advertised

once in the *Goods and Service Bulletin* maintained by the Massachusetts Secretary of State's Office. Procurements or dispositions of real estate, must be advertised for no less than 30 days in the Central Register maintained by the Massachusetts Secretary of State's Office.

- vi. Bidders must sign a statement of non-collusion and compliance with Massachusetts tax laws.

b. *Competitive Proposals:*

- i. The technique of competitive proposals is normally conducted with more than one source submitting an offer, and either a fixed price or cost-reimbursement type contract is awarded. It is generally used when conditions are not appropriate for the use of sealed bids. If this method is used, the following requirements apply:
  - 1. Requests for proposals must be publicized and identify all evaluation factors and their relative importance. Any response to publicized requests for proposals must be considered to the maximum extent practical;
  - 2. Proposals must be solicited from an adequate number of qualified sources; and
  - 3. Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered.
- ii. The District may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby competitors' qualifications are evaluated and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. The method, where price is not used as a selection factor, can only be used in procurement of A/E professional services. It cannot be used to purchase other types of services though A/E firms are a potential source to perform the proposed effort.
  - 1. Massachusetts General Law, Chapter 30B contains additional requirements regarding the use of Requests for Proposals (RFP) to procure goods and services. The RFP requirements are listed below:
    - a. The School Procurement Officer must determine in writing that the selection of the most advantageous offer requires comparative judgment of factors in addition to price.
    - b. Bidders must submit separate price and non-price proposals.
    - c. Comparative criteria reflect those factors for which Needham would be willing to pay more money, and are used to further evaluate the relative merits of all proposals that meet the quality requirements.

- d. Quality requirements establish standards of acceptability for the supplies and services you are purchasing.
  - e. Comparative criteria rating factors include: highly advantageous, advantageous, not advantageous, and unacceptable.
2. Advertising is required once in a newspaper of general circulation and on the Town of Needham procurement website at least two weeks before bids or proposals are due. If the contract is for goods or services costing \$100,000 or more, the bid must be advertised once in the *Goods and Service Bulletin* maintained by the Massachusetts Secretary of State's Office. Procurements or dispositions of real estate, must be advertised for no less than 30 days in the Central Register, also maintained by the Massachusetts Secretary of State's Office.
  3. Bidders must sign a statement of non-collusion and compliance with Massachusetts tax laws.

c. *Contract/Price Analysis:*

- i. The District performs a cost or price analysis in connection with every procurement action in excess of \$250,000, including contract modifications. 2 C.F.R. § 200.323(a). A cost analysis generally means evaluating the separate cost elements that make up the total price, while a price analysis means evaluating the total price, without looking at the individual cost elements.
- ii. The method and degree of analysis is dependent on the facts surrounding the particular procurement situation; however, the Assistant Superintendent for Finance and Operations must come to an independent estimate prior to receiving bids or proposals. 2 C.F.R. § 200.323(a).
- iii. When performing a cost analysis, the Assistant Superintendent for Finance and Operations or grant manager negotiates profit as a separate element of the price. To establish a fair and reasonable profit, consideration is given to the complexity of the work to be performed, the risk borne by the contractor, the contractor's investment, the amount of subcontracting, the quality of its record of past performance, and industry profit rates in the surrounding geographical area for similar work. 2 C.F.R. § 200.323(b).

**5. Noncompetitive Proposals (Sole Sourcing)**

- a. Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used only when one or more of the following circumstances apply:
  - i. The item is available only from a single source;
  - ii. The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;

- iii. The federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the District; or
  - iv. After solicitation of a number of sources, competition is determined inadequate.
- b. In addition, M.G.L. Chapter 30B, places the following additional requirements on sole source procurements:
- i. a sole source procurement of any supply or service under \$50,000 is allowable when a reasonable investigation shows that there is only one practicable source for the required supply or service.
  - ii. Sole source contracts in excess of \$50,000 are only allowable for the following purchases:
    - 1. Software maintenance, library books, school textbooks and educational materials; and
    - 2. Utilities.
- c. In Needham, the process for requesting a sole source procurement is as follows:
- i. The School Bookkeeper:
    - 1. Performs a reasonable investigation of the basis for determining that there was only one practicable source for the purchase. A Google search showing no alternative vendors will suffice as documentation of a reasonable investigation.
    - 2. Completes the Sole Source Determination Request Form, found at: [http://www.needham.k12.ma.us/departments/business\\_operations/business\\_office/staff\\_forms](http://www.needham.k12.ma.us/departments/business_operations/business_office/staff_forms).
    - 3. Attaches the sole source request and investigation documentation to the requisition request submitted to the Business Office through the financial system.
    - 4. The Assistant Superintendent for Finance and Operations will review the sole source determination request for compliance with the terms and conditions of M.G.L. Ch. 30B. If approved, the requisition will be approved and converted into a Purchase Order to be sent to the vendor.

**6. Other Provisions:**

- a. Contracting with Small and Minority Businesses (SMB), Women’s’ Business Enterprises (WBE) and Labor Surplus Area Firms (LSAF)
  - i. The District must take all necessary affirmative steps to assure that SMB, WBE and LSAF are used when possible. These measures must include:
    - 1. Placing qualified firms on solicitation lists

2. Assuring that SMB, WBE and LSAF are solicited whenever they are potential sources.
  3. Establishing delivery schedules that encourage participation by SMB, WBE and LSAF, where permissible.
  4. Requiring the prime contractor to take such affirmative steps in construction contracts.
- ii. Ensuring that purchases of one of the following types of materials totaling \$10,000 or more, or where the value of the quantity acquired during the preceding fiscal year exceeded \$10,000, contain the highest materials of recovered materials practicable, consistent with maintaining satisfactory levels of competition:
1. Vehicle supplies
  2. Tires
  3. Paper and paper products
  4. Playground equipment
  5. Other product types per 40 C.F.R. Part 247.
- b. The Contractor, if paid from federal funding sources, must certify that it complies with:
- i. E.O. 11246, "Equal Employment Opportunity," as amended by E.O. 11375, "Amending Executive Order 11246 Relating to Equal Employment Opportunity," and as supplemented by regulations at 41 CFR part 60, "Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor;"
  - ii. 18 U.S.C. 874 and 40 U.S.C. 276c (Copeland "Anti-Kickback" Act);
  - iii. 40 U.S.C. 276a to a-7 (Davis-Bacon Act, as Amended);
  - iv. 40 U.S.C. 327-333 (Contract Work Hours and Safety Standards Act);
  - v. 42 U.S.C. 6201 (Energy Policy and Conservation Act);
  - vi. 37 CFR part 401 (Rights to Inventions Made Under a Contract or Agreement);
  - vii. 42 U.S.C. 7401 et seq., as amended (Clean Air Act);
  - viii. 33 U.S.C. 1251 et seq., as amended (Federal Water Pollution Control Act);
  - ix. 31 U.S.C. 1352, as implemented 34 CFR Part 82 (Byrd Anti-Lobbying Amendment);
  - x. E.O.s 12549 and 12689 (Debarment and Suspension);

### C. Purchase Cards

1. The use of procurement cards (or “p-cards”) is not currently authorized for Needham Public School departments or programs.
2. The future use of p-cards will be made at the discretion of the Town Treasurer, in consultation with the Assistant Superintendent for Finance and Operations, in accordance with procedures developed to govern their use.

### D. Full and Open Competition

1. All procurement transactions must be conducted in a manner providing full and open competition consistent with 2 C.F.R §200.319. In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals must be excluded from competing for such procurements. Some of the situations considered to be restrictive of competition include but are not limited to:
  - a. Placing unreasonable requirements on firms in order for them to qualify to do business;
  - b. Requiring unnecessary experience and excessive bonding;
  - c. Noncompetitive pricing practices between firms or between affiliated companies;
  - d. Noncompetitive contracts to consultants that are on retainer contracts;
  - e. Organizational conflicts of interest;
  - f. Specifying only a “brand name” product instead of allowing “an equal” product to be offered and describing the performance or other relevant requirements of the procurement; and
  - g. Any arbitrary action in the procurement process.
2. EDGAR further requires the following to ensure adequate competition.
  - a. ***Geographical Preferences Prohibited***
    - i. The District must conduct procurements in a manner that prohibits the use of statutorily or administratively imposed state, local, or tribal geographical preferences in the evaluation of bids or proposals, except in those cases where applicable federal statutes expressly mandate or encourage geographic preference. When contracting for architectural and engineering (A/E) services, geographic location may be a selection criterion provided its application leaves an appropriate number of qualified firms, given the nature and size of the project, to compete for the contract.



***b. Prequalified List***

- i. The District must ensure that all prequalified lists of persons, firms, or products, which are used in acquiring goods, and services are current and include enough qualified sources to ensure maximum open and free competition. Also, the District must not preclude potential bidders from qualifying during the solicitation period.

***c. Solicitation Language***

- i. The District must ensure that all solicitations incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description must not, in competitive procurements, contain features, which unduly restrict competition. The description may include a statement of the qualitative nature of the material, product or service to be procured and, when necessary, must set forth those minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use. Detailed product specifications should be avoided if at all possible.
- ii. When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a “brand name or equivalent” description may be used as a means to define the performance or other salient requirements of procurement. The specific features of the named brand which must be met by offers must be clearly stated; and identify all requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals. 2 C.F.R § 200.319(c).

***E. Federal Procurement System Standards***

**1. Avoiding Acquisition of Unnecessary or Duplicative Items**

- a. The District must avoid the acquisition of unnecessary or duplicative items. Additionally, consideration is given to consolidating or breaking out procurements to obtain a more economical purchase, as permitted by state or local law. And, where appropriate, an analysis must be made of leases versus purchase alternatives, and another other appropriate analysis to determine the most economical approach.
- b. These considerations are given as part of the process to determine the allowability of each purchase made with federal funds. Please see Section II.E.2 for written procedures on determining allowability.

**2. Use of Intergovernmental Agreements**

- a. To foster greater economy and efficiency, the District enters into state and local intergovernmental or inter-entity agreements where appropriate for the procurement or use of common or shared goods and services.

### **3. Use of Federal Excess and Surplus Property**

- a. The District considers the use of federal excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs.

### **4. Debarment and Suspension**

- a. The District awards contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources.
- b. The District may not subcontract with or award sub-grants to any person or company who is debarred or suspended. For all contracts over \$25,000 the District verifies that the vendor with whom the District intends to do business with is not excluded or disqualified. 2 C.F.R. Part 200, Appendix II (1) and 2 C.F.R. §§ 180.220 and 180.300.
- c. Needham Public Schools has incorporated a debarment statement into its standard contract documents. Vendors will be required to sign the statement as part of each contract document.

### **5. Maintenance of Procurement Records**

- a. The District must maintain records sufficient to detail the history of all procurements. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, the basis for the contract price (including a cost or price analysis), and verification that the contractor is not suspended or debarred.
- b. Please Section VI for more information on the District's record keeping policies.

### **6. Time and Materials Contracts**

- a. The District may use a time and materials type contract only (1) after a determination that no other contract is suitable; and (2) if the contract includes a ceiling price that the contractor exceeds at its own risk. Time and materials type contract means a contract whose cost to the District is the sum of: the actual costs of materials, and direct labor hours charged at fixed hourly rates that reflect wages, general and administrative expenses, and profit.
- b. Since this formula generates an open-ended contract price, a time-and-materials contract provides no positive profit incentive to the contractor for cost control or labor efficiency. Therefore, each contract must set a ceiling price that the contractor exceeds at its own risk. Further, the District must assert a high degree of oversight in order to obtain reasonable assurance that the contractor is using efficient methods and effective cost controls.

## **7. Settlements of Issues Arising Out of Procurements**

- a. The District alone is responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising out of procurements. These issues include, but are not limited to, source evaluation, protests, disputes, and claims. These standards do not relieve the District of any contractual responsibilities under its contracts. Violations of law will be referred to the local, state, or federal authority having proper jurisdiction.

## **8. Protest Procedures to Resolve Disputes**

- a. The District maintains protest procedures to handle and resolve disputes relating to procurements and, in all instances, discloses information regarding the protest to the awarding agency.
- b. Contract disputes arise from a belief the procurement process was not conducted properly. In Needham, a vendor has three options to seek a remedy:
  - i. Contact the local jurisdiction;
  - ii. Contact the state agency in charge of enforcing the law (i.e. Inspector General's Office for Chapter 30B contracts); and/or
  - iii. Superior Court.
- c. If a vendor contacts the District with a complaint, the complaint should be forwarded to the Town's Chief Procurement Officer, the Finance Director/ Assistant Town Manager. The Chief Procurement Officer will review the procurement and make a written determination.
- d. If the vendor files a complaint in Superior Court, the District will seek the advice of legal counsel.

## ***F. Conflict of Interest Requirements***

### **1. Standards of Conduct**

- a. In accordance with 2 C.F.R. §200.18(c)(1), the District maintains the following written standards of conduct covering conflicts of interest and the actions of its employees engaged in the selection, award and administration of contracts.
- b. No employee, officer, or agent 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. Such a conflict of interest would arise when the employee, officer, 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 the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract.

- c. The officers, employees, and agents of the District may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts, unless the gift is an unsolicited item of nominal value.
- d. M.G.L. Ch. 268A, the state's Conflict of Interest Law, governs the conduct of municipal employees in these situations. There are three main provisions of the law:
  - i. Public employees are prohibited from seeking or accepting anything of substantial value for or because of their official acts or any act within their official responsibilities. The Ethics Commission interprets substantial value to mean anything with a value of \$50 or more. (Gifts of less than \$50 that may have an appearance of a conflict of interest should be disclosed in writing to an employee's appointing authority.)
  - ii. Public employees are prohibited from using or attempting to use their position to obtain for themselves or others unwarranted privileges of substantial value that are not properly available to similarly situated individuals.
  - iii. The conflict of interest law will require public employees to disclose to their appointing authority the gift and their relationship to the giver.
  - iv. M.G.L. Ch. 268B is the state's Financial Disclosure Law. This statute requires public officials, political candidates and certain public employees to disclose their and their immediate family member's private business associations and other financial interests on their Statements of Financial Interests or SFIs. Massachusetts defines "immediate family" as spouse, parent, brother, sister, child or a spouse of your parent, brother, sister, or child. The law covers all elected state and county officials and candidates for these positions as well as all state and county employees who are designated as holding major policymaking positions. The financial disclosure law, like the conflict of interest law, is interpreted and enforced civilly by the State Ethics Commission.
- e. Every municipal employee (with few exceptions) must complete the Ethic Commission's online training program once every two years. New employees must complete the online training program within 30 days of becoming such an employee, and once every two years thereafter.

## **2. Organizational Conflicts**

- a. Needham Public Schools will comply with Massachusetts General Law, Chapter 268A conflict of interest law and disclosure. Additionally, the District may not be operated for the benefit of an affiliated or unaffiliated organization or an individual in his or her own private capacity or individuals related to any employee of Needham Public Schools or members of its management, unless the private benefit is considered merely incidental. The private benefit preclusion will extend to the following:
  - i. The sale, exchange or leasing of property between the district and an affiliated or unaffiliated organization or a private or related individual.

- ii. Lending money or other extension of credit between an agency and an affiliated or unaffiliated organization or a private or related individual.
- iii. Furnishing of goods, services, or facilities between the district and an affiliated or unaffiliated organization or a private or related individual except for the rental of district facilities as specified in the Town’s Facility Use Policy, found at: <https://www.needhamma.gov/2324/School-Facility-Rentals>.
- iv. Payment of compensation, unless authorized by the District to an affiliated or unaffiliated organization or a private or related individual.
- v. The use of Needham Public School property or assets by or for the benefit of a private or related individual, unless specifically voted by the Needham School Committee.
- vi. Thus, Needham Public Schools will be guided by the principle of arms-length standards with all affiliated or unaffiliated organizations or with a private or related individual(s). Related party transactions shall include transactions between a school/district and members of the Needham School Committee, administration, employees, related individuals and affiliated companies. Related individuals within the scope of this definition include spouses, parents, children, spouses of children, grandchildren, siblings, fathers-in-law, mothers-in-law sisters-in-law and brothers-in-law of a school committee member or school district employee.

**3. Disciplinary Actions**

- a. The Massachusetts State Ethics Commission interprets the conflict of interest law and publishes advisories.

**4. Mandatory Disclosure**

- a. Upon discovery of any potential conflict, the District will disclose in writing the potential conflict to the federal awarding agency in accordance with applicable federal awarding agency policy.

**G. Contract Administration**

- 1. The District maintains the following oversights to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders. See the Property Management section (Section VI.)
  - a. The contract award process includes an evaluation of whether the contractor has the ability and integrity to perform the contract terms and bid specifications. This process includes evaluating bid documents to determine whether the contractor and its personnel have the skill, ability and required capital to fulfill the contract terms, and/or satisfactory reference checks.
  - b. The District will utilize the following additional tools to monitor and secure Contractor performance:
    - i. Communications with the vendor;

- ii. Determine the acceptability of reports and deliverables produced by the contractor;
  - iii. Approve or reject contractor payment requests; and
  - iv. Ensure that vendor contracts and contract amendments are in writing and approved by the Assistant Superintendent for Finance and Operations.
- c. The Town's standard contract forms contain provisions that protect the District in the event of non-performance or default:
- i. The Town may, without prejudice, terminate a contract in whole or in part for non-performance, including failure to commence or complete performance at the specified time; failure to perform the agreement with sufficient personnel, equipment or materials; failure to perform the agreement in a manner that is satisfactory to the Town; failure to re-perform rejected services within a reasonable time; or other failure to comply with the terms and conditions of a contract.
  - ii. The Town may secure completion of the work remaining to be done on such terms as the Town decides and can require the Contractor to pay for the completion of such work.

## IV. Property Management Systems

### A. Property Classifications

1. **Equipment** means tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the District for financial statement purposes, or \$5,000. 2 C.F.R. §200.33.
2. **Supplies** means all tangible personal property other than those described in §200.33 Equipment. A computing device is a supply if the acquisition cost is less than the lesser of the capitalization level established by the District for financial statement purposes or \$5,000, regardless of the length of its useful life. 2 C.F.R. §200.94.
3. **Computing devices** means machines used to acquire, store, analyze, process, and publish data and other information electronically, including accessories (or “peripherals”) for printing, transmitting and receiving, or storing electronic information. 2 C.F.R. §200.20.
4. **Capital assets** means tangible or intangible assets used in operations having a useful life of more than one year, which are capitalized in accordance with GAAP. Capital assets include:
  - a. Land, buildings (facilities), equipment, and intellectual property (including software) whether acquired by purchase, construction, manufacture, lease-purchase, exchange, or through capital leases; and
  - b. Additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations or alterations to capital assets that materially increase their value or useful life (not ordinary repairs and maintenance). 2 C.F.R. §200.12.

### B. Inventory Procedure

1. The District maintains an inventory of all equipment with a unit value of \$5,000 or more and capital assets.
  - a. The Town Accountant maintains the Fixed Asset System, which is part of the Town’s integrated financial system.
    - i. Capital assets purchased under a 3\*\*\* series fund code, or under a 58\*\* object code are capitalized according to the thresholds below and added to the Town’s Fixed Asset System:
      1. Land: \$0
      2. Land Improvements: \$5,000
      3. Buildings & Facilities: \$50,000

4. Building Improvements: \$25,000
  5. Furniture, Fixtures, Machinery & Equipment: \$5,000
  6. Vehicles: \$5,000
  7. Road Work: \$75,000
  8. Water & Sewer Systems: \$75,000
- ii. Per DESE regulation, equipment purchases with a unit cost of \$5,000 or more are charged to a General Ledger code with a “7\*\*\*” function code and are reported as assets.
  - iii. Equipment purchased from a federal award or program is separately inventoried to capture the specific information required by 2 C.F.R. §200.
    1. Information recorded upon purchase includes: a) Equipment description and type; b) Manufacturer; c) Model number; d) Serial number; e) Acquisition date (if known); f) Acquisition Cost (if known); g) Source of Funding; h) Location; and i) Titleholder.
    2. In subsequent years, the information also should include: a) Use, b) Condition and c) Disposition.
      - a. The following procedures are in place to capture specific equipment inventory information:
        - i. Equipment purchased from a federal grant is recorded in the grant tracking sheet under the tab labeled “Equipment Inventory.”
        - ii. Each year, the Assistant Superintendent for Finance and Operations establishes the new fiscal year’s grant budget in the tracking spreadsheet and will update the Equipment Inventory Sheet to reflect any prior year purchases of equipment for tracking purposes.
        - iii. The Grant Manager will update any prior year information to reflect current status and record any current year purchases of information in the sheet.
        - iv. The inventory is maintained in the official grant file, and retained for the retention period.
      - b. The Nutrition Services Department updates its inventory annually. The inventory is performed by the food service equipment maintenance contractors (for both refrigeration and non-refrigeration equipment) and given to the Director of Nutrition Services for filing and records retention purposes. The inventory is used to calculate asset and depreciation values for food service financial reporting.



- iv. Additionally, the District inventories all information technology hardware and equipment, regardless of unit value. All technology requisitions are entered with a ship to address of the Educational Technology Center (ETC.) At the time of receipt, the package is inspected to ensure the ordered materials were received in good order and that the items are consistent with the order placed through the purchase order system. The ETC enters the item into inventory Items when the equipment is unpacked and a control sticker is affixed to the equipment. The control sticker states: "Property of Needham Public Schools," and include an asset number and related barcode. The technology department is responsible for configuring all computers, laptops, netbooks, and iPads.

### **C. Inventory Records**

1. For each equipment and computing device purchased with federal funds, the following information is maintained per the Inventory Procedure identified above:
  - a. Description of the Property;
  - b. Serial number or other identification number;
  - c. Source of funding for the property;
  - d. Who holds title;
  - e. Acquisition date and cost of the property;
  - f. Percentage of federal participation in the project costs for the federal award under which the property was acquired;
  - g. Location, use and condition of the property; and
  - h. Any ultimate disposition data including the date of disposal and sale price of the property.
2. Inventory records are updated according to the Inventory Procedure described above and are retained for the retention period.

### **D. Physical Inventory**

1. A physical inventory of the property purchased form federal funds must be taken and the results reconciled with the property records at least once every two years.
2. In Needham, inventories are updated annually according to the Inventory Procedures described above.

## **E. Maintenance**

1. In accordance with 2 C.F.R.313 (d) (4), the District maintains adequate maintenance procedures to ensure that property is kept in good condition.
2. In Needham, the following maintenance procedures apply:
  - a. Food Service equipment is maintained through annual or multi-year contracts awarded to companies qualified to maintain refrigeration and non-refrigeration equipment. These contracts include both preventative maintenance and on-call repairs.
  - b. Copiers, technology and equipment are maintained by qualified technicians through repair contracts negotiated by the District.

## **F. Lost or Stolen Items**

1. The District maintains a control system that ensures adequate safeguards are in place to prevent loss, damage, or theft of school property. This system includes the following:
  - a. The use of inventories and equipment control tags to track the assignment of District equipment.
  - b. The Town of Needham maintains property insurance for all of its buildings and equipment, as well as general liability insurance for its employees.
  - c. Additionally, building principals have provided a surety bond to the Town to ensure their faithful performance in the role, including their responsibility to safeguard the property and assets of the Needham Public Schools and its students.
  - d. The District has a Fraud Prevention Policy, designed to protect the funds and physical assets of the Needham Public Schools against theft or fraud. The District also has a Whistleblower Protection Policy, to encourage and enable employees to raise concerns about fraud, waste or abuse without fear of retaliation. The Fraud Prevention Policy requires both that a system of internal controls be established and that every allegation of fraud or theft will be investigated in an appropriate manner, and reported to the appropriate governmental or criminal authorities whenever there is a reasonable basis to believe that such conduct has occurred or is occurring.
  - e. The District has a system of internal controls, designed to safeguard school property and assets.
  - f. Training is routinely provided to School Bookkeepers on cash handling, fraud prevention, grant management and other topics.
2. In the event of a theft, loss or damage of school property, the following procedures are followed:
  - a. The school department completes the “First Notice of Incident” report to the insurance company, and forwards it to the Business Office for processing. The form contains information about the incident, including location, description, and contact information for the reporting party.

- b. The incident report is forwarded to the Town Finance Director/Assistant Town Manager, who files the claim with the Town's insurance company. A copy is sent to the Business Office for record keeping purposes.
- c. The insurance company follows up where appropriate with the reporting party to investigate the claim.
- d. If a theft is substantiated, the Town may pursue legal action as appropriate. In the event of loss or damage to property, the insurance company will evaluate each claim and make reimbursement as appropriate. Any reimbursement received will be applied to the cost of replacing the lost or damaged property.

### **G. Use of Equipment**

1. Equipment must be used in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by the federal award, and the District will not encumber the property without prior approval of the federal awarding agency and the pass-through entity.
2. During the time equipment is used on the project or program for which it was acquired, the equipment will also be made available for use on other projects or programs currently or previously supported by the federal government, provided that such use will not interfere with the work on the projects or program for which it was originally acquired. First preference for other use must be given to other programs or projects supported by the federal awarding agency that financed the equipment. Second preference is given to programs or projects under federal awards from other federal awarding agencies. Use for non-federally funded programs or projects is also permissible.
3. When no longer needed for the original program or project, the equipment may be used in other activities supported by the federal awarding agency, in the following order of priority: (1) activities under a federal award from the federal awarding agency which funded the original program or project; then (2) activities under federal awards from other federal awarding agencies.

### **H. Disposal of Equipment and Supplies**

1. When it is determined that original or replacement equipment acquired under a federal award is no longer needed for the original project or program or for other activities currently or previously supported by a federal awarding agency, or if there is a residual inventory of supplies upon termination or completion of a federally-funded program, the Assistant Superintendent for Finance and Operations or designee will contact the awarding agency (or pass-through for a state-administered grant) for disposition instructions. Generally, disposition of equipment is dependent on its fair market value (FMV) at the time of disposition. If the item has a current FMV of \$5,000 or less, it may be retained, sold, or otherwise disposed of with no further obligation to the federal awarding agency. If the item has a current FMV of more than \$5,000, the federal awarding agency is entitled to the federal share of the current market value or sales proceeds. That share is

determined by multiplying the FMV or sale proceeds by the percentage of federal participation in its original purchase. If sold, the District may retain \$500 or 10% of the proceeds, whichever is less, for its selling and handling expenses.

2. If acquiring replacement equipment, the District may use the equipment to be replaced as a trade-in or sell the property and use the proceeds to offset the cost of the replacement property. Please refer to the Needham Public Schools Financial Policy and Procedure Manual for further guidance on disposal of surplus property at:

[http://www.needham.k12.ma.us/departments/business\\_operations/business\\_office/financial\\_procedures](http://www.needham.k12.ma.us/departments/business_operations/business_office/financial_procedures).

- a. Surplus property first is offered to other Needham schools and Town departments.
- b. Remaining equipment is offered to other school districts through the Massachusetts Department of Elementary and Secondary Education list serve. The posting is made and managed by the Assistant to the Assistant Superintendent for Finance and Operations.
- c. Items that remain, and have a potential value, are auctioned.

## V. Written Compensation Policies

### A. Time and Effort

#### 1. Time and Effort Standards

- a. All employees who are paid in full or in part with federal funds must keep specific documents to demonstrate the amount of time they spent on grant activities. This includes an employee whose salary is paid with state or local funds but is used to meet a required “match” in a federal program. These documents, known as time and effort records, are maintained in order to charge the costs of personnel compensation to federal grants.
- b. Charges to federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:
  - i. Be supported by a system of internal controls which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
  - ii. Be incorporated into official records;
  - iii. Reasonably reflect total activity for which the employee is compensated, not exceeding 100% of compensated activities;
  - iv. Encompass both federally assisted and all other activities compensated by the District on an integrated basis;
  - v. Comply with the established accounting policies and practices of the District and
  - vi. Support the distribution of the employee’s salary or wages among specific activities or costs objectives.

#### 2. Time and Effort Procedures

- a. All employees paid from a federal award or program must sign a “time and effort certification” statement, verifying that the salary earned was connected to work performed under the grant and confirming the amount charged to the federal funding source.
  - i. The Grant Accountant prepares a ‘time and effort certification’ for each employee charged to a federal grant. These certifications are:
    1. Prepared semi-annually for employees charged full-time to a federal grant. Each semi-annual period must cover a six -month period of time.
    2. Prepared monthly for employees charged part-time to a federal grant or award. The time and effort certification must document the portion of time dedicated to each program/grant/funding source during the one-month period.

3. Prepared 'after the fact' for each employee, based on actual payroll records (not on estimated/budgeted payroll) and account for the total activities for which the employee is being paid.
4. Prepared at least monthly and coincide with one or more pay periods.
5. Signed by the employee or supervisor having first-hand knowledge of the work performed.
6. Prepared in substantially similar format to the Time and Effort Certification Template Form found in Appendix B.

ii. Federally-funded employees are responsible for signing these forms and returning them in a timely manner to the Assistant Superintendent for Finance and Operations.

b. The time and effort certifications and supporting payroll documentation are retained as part of the official grant file (for grant-funded personnel) and Food Service records (for cafeteria employees.)

### 3. **Reconciliation and Closeout Procedures**

a. It is critical for payroll charges to match the actual distribution of time recorded on the monthly certification documents. Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to federal awards, but may be used for interim accounting purposes provided that the system for establishing the estimates produces reasonable approximations of the activity actually performed.

### 4. **Employee Exits**

a. An employee who is separating from service with the Needham Public Schools should submit a letter of intent to the Superintendent. In the letter, the employee shall note the purpose of separation (retirement, resignation, etc.) and the effective date. Advance notification of separation is greatly appreciated to limit negative impacts on student learning. Although a formal exit interview is not required, it is suggested that each supervisor discuss the reasons for leaving with every employee leaving for purposes other than retirement.

## **B. Human Resources Policies**

1. The District School Committee Policies ensure that personnel compensation costs are spent in accordance with written policies and procedures. Refer to School Committee policy manual, collective bargaining unit contracts and personnel handbook. Unless authorized by the School Committee and the grantor, Needham Public Schools will not use federal funds for relocation or severance pay.
2. The allowability of various types of personnel compensation costs is dependent on whether they are spent in accordance with written policies and procedures. For example, the cost of fringe benefits in the form of regular compensation paid to employees during periods of authorized absences from the job, such as annual

leave, sick leave, or holidays, is allowable if, among other criteria, the costs are provided under established written leave policies. Therefore, ensure that the District has human resource policies which at least cover (1) how employees are hired (2 CFR §200.430(a)(2)); (2) the extent to which employees may provide professional services outside the District (2 CFR §200.430(c)); (3) the provision of fringe benefits, including leave and insurance, (2 CFR §200.431)); (4) the use of recruiting expenses to attract personnel (2 CFR §200.463(b)); and (5) reimbursement for relocations costs. 2 CFR §200.464.

## **VI. Record Keeping**

### **A. Record Retention**

1. The District maintains all records that fully show (1) the amount of funds under the grant or sub-grant; (2) how the sub-grantee uses those funds; (3) the total cost of each project; (4) the share of the total cost of each project provided from other sources; (5) other records to facilitate an effective audit; and (6) other records to show compliance with federal program requirements. 34 C.F.R. §§ 76.730-.731 and §§ 75.730-.731. The District also maintains records of significant project experiences and results. 34 C.F.R. § 75.732. These records and accounts must be retained and made available for programmatic or financial audit.
2. The U.S. Department of Education is authorized to recover any federal funds misspent within 5 years before the receipt of a program determination letter. 34 C.F.R. § 81.31(c). Consequently, the District retain records for a minimum of five (5) years from the date on which the final Financial Status Report is submitted, unless otherwise notified in writing to extend the retention period by the awarding agency, cognizant agency for audit, oversight agency for audit, or cognizant agency for indirect costs. However, if any litigation, claim, or audit is started before the expiration of the record retention period, the records will be retained until all litigation, claims, or audit findings involving the records have been resolved and final action taken. 2 C.F.R. § 200.333.
3. At the state level, records retention is overseen by the Massachusetts Secretary of State's Office (<https://www.sec.state.ma.us/arc/arcrmu/rmuidx.htm>).
4. The department head of any office that creates, receives or stores public records must designate a custodian of records. The custodian of records is the point of contact for all public records requests; ensures record security, and follows proper destruction of records protocol.
5. Maintaining an inventory of records will allow for the identification of records that may be at the end of the retention period. Prior to the destruction of records, a written request must be made to the Supervisor of Records. Once the written request is approved, each district can choose a method of destruction or recycling. Districts are advised to choose the method of destruction carefully especially if employee or student records are involved. The municipal records retention schedule is available on the website at the aforementioned website.

### **B. Collection and Transmission of Records**

1. Most records may be maintained in either paper or electronic form, based on the current practices in the district. Electronic storage will provide an easier means to share documents upon request i.e. auditors, records inquires, etc. In either case, care must be taken to ensure the materials chosen to create the record will last through the records retention period. Minutes of governmental bodies must be maintained in a paper format. Proper storage of the records is the responsibility of the district. The municipal records retention schedule provides recommended storage standards.



### **C. Access to Records**

1. The District provides the 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 records of the District which are pertinent to the Federal award, in order to make audits, examinations, excerpts, and transcripts. The right also includes timely and reasonable access to the District's personnel for the purpose of interview and discussion related to such documents.

### **D. Privacy**

1. The Family Educational Rights and Privacy Act (FERPA) affords parents and students who are 18 years of age or older ("eligible students") certain rights with respect to the student's education records. Needham Public Schools protects personal information of both students and employees through regular training and updated policies and procedures. On an annual basis, Needham Public Schools employees will take the annual regulatory training. Each module contains a short introduction, important documentation on the topic, a review quiz and additional materials. The modules include:
  - a. Civil Rights;
  - b. Bullying and Cyberbullying;
  - c. Confidentiality of Student Records;
  - d. Sexual Harassment or Discrimination;
  - e. English Language Learners and SEI Endorsement;
  - f. Mandated Report of Suspected Child Abuse;
  - g. Restraint Procedures;
  - h. Conflict of Interest; and
  - i. Readiness and Emergency Management.

## **VII. Sub-recipient Monitoring**

DESE and other state agencies that receive federal funds, which are awarded to LEAs, are the primary recipients of these funds, while the LEAs are the sub-recipients of these funds. Grant recipients are responsible for monitoring those grant sub-recipients to ensure compliance with federal, state, and local laws. Monitoring is the regular and systematic examination of all aspects associated with the administration and implementation of a program. Each program office that awards a sub-grant must have its own monitoring policy. This policy must ensure that any monitoring findings are corrected.

## **VIII. Maintenance of Effort, Proportionate Share and Excess Cost**

### **A. Maintenance of Effort (MOE)**

1. The purpose of the MOE requirement is to ensure that federal special education funds are used to supplement and not to supplant local or state funds. MOE requires that school districts spend combined state and local funds, or just local funds, for special education services each year at least at the same level (computed on either a per capita basis or an aggregate basis) that the District spent during the previous year, unless district has an allowable reason for reducing its expenditures.
2. To demonstrate compliance, a District must spend at least the same total or per capita amount from local funds or from a combination of state and local funds as the school district spent for special education purposes in the prior year, unless an exception allows spending to be reduced in the second year, or the district is able to reduce its expenditures because of increased federal funds.
3. DESE regulations specify four alternative methods that a district may use to demonstrate MOE for special education:
  - a. Spending the same total amount from one year to the next using local funds only.
  - b. Spending the same total amount from one year to the next using a combination of state and local funds.
  - c. Spending the same per capita amount using local funds
  - d. Spending the same per capita amount using a combination of state and local funds.
4. Calculating the MOE requirement:
  - a. In calculating MOE, a district must use expenditure information from the most recent fiscal year in which the district met MOE using the same method. So, for example, if a district wishes to demonstrate it meets MOE using only local funds, it may have to go back several years to find the last time that it met MOE using local funds, to have an appropriate comparison year.

- b. Districts also are permitted to use a percentage of the increase in the federal special education entitlement grant in calculating the required MOE. Under this provision, a district may treat 50% of the increase in federal special education entitlement funds from the “Fund Code 240 grant” from one year to the next as if these were state or local funds for the purpose of calculating the MOE requirement. Therefore, districts may reduce the state and local funds they must use to support special education services, while still providing the full range of needed services and meeting the requirements of MOE. **Beginning with school year 2015-16, if the offset amount is not used in the year it is available, it will not accumulate nor be available to be used in any subsequent year.**
- c. Under federal law, a school district may use 155 of its Fund Code 240 grant to pay for instructional support activities in the general education program for all students. If a district chooses to do this, then the amount of offset to the MOE under Section VII.2.d.ii above must be reduced accordingly for that year.
- d. Districts must maintain expenditure information using each of the four methods every year, in order to use the full flexibility of the law.

5. DESE audits compliance of the MOE requirement in two ways:

- a. New regulations require districts to meet an ‘eligibility standard’ before a district can receive federal special education entitlement funds. To do this, DESE reviews district budgets for the upcoming fiscal year to ensure the district plans to spend at least the same total or per capita amount from combined state and local funds as the district spend for special education services from the same sources for the most recent fiscal year for which information is available. DESE uses Schedule 19 of the End of Year Financial Report (EOY) for this purpose.
- b. DESE audits a district’s compliance with MOE, “the compliance standard,” by comparing a school districts two most recent EOY reports to determine if the district has spent at least the same total or per capita amount from a combination of state and local funds as the district spent for special education purposes in the prior year.
- c. When the reports show that a district did not meet MOE, DESE will notify the district of the discrepancy and require the district to produce documentation either:
  - i. Correcting the financial records used by DESE (if they were in error), or
  - ii. Showing that it DID meet MOE, using local funds only, either in total or per capita, or
  - iii. Demonstrating that the reduction in spending was justified because of an exception to the MOE requirement, or
  - iv. Completing a corrective action plan that could include returning funds.
- d. A MOE calculation worksheet is included in Appendix D, for reference.
- e. DESE may request expenditure records at any time to verify compliance.

6. If DESE makes a finding of “significant disproportionality” in the number of students eligible for special education based on race and ethnicity against a district, the district is required to reserve 15% of its federal Fund Code 240 grant to provide instructional support activities to students in the groups that were significantly over-identified, as well as to other students in the district. This requirement will result in a revised offset calculation similar to that described in Section VII.2.d.iii above. If the DESE has made a significant disproportionality determination, the district will receive a written notice of such from DESE, and of the requirement to reserve the full 15% of its 240 grant for this purpose.
7. The DESE will annually review compliance findings through monitoring or conducting general oversight and may identify school district as having pervasive non-compliance with federal special education requirements that requires intervention to correct. When such a determination is made, the district may not reduce its MOE (i.e., the district may not reduce spending from state or local funds) for any of the reasons described above) in that fiscal year or any subsequent years in which the district continues to be out of compliance. Any findings of non-compliance with MOE may result in action by DESE to recover or withhold federal special education funds as appropriate.

## ***B. Proportionate Share***

1. Districts also are required to allocate a portion of the federal funds they receive for special education services to provide services to students enrolled by their parents in private schools. The Massachusetts special education law applies to all students, regardless of where they attend school. As such, districts must provide services to all students who reside in the district, including parentally-placed private school students. Federal special education law also requires school districts to provide special education services to private school students.
2. Proportionate share” means that a district must spend on services for private school students who attend a private school in the district an amount that represents the same proportion of its federal grant as these private school students represent within the population of disabled students served by the district as a whole.
3. Following consultation with the private schools, school districts must determine which services to provide with that proportionate share of funds. Districts provide these services to eligible students through an “individual services plan” instead of an IEP, and private school students do not have an individual entitlement to services under federal law. The federal due process protections, including an entitlement to an IEP and the right to a hearing, do not extend to private school students under federal law. Also, residents of other states attending private schools in Massachusetts are entitled to services according to federal law, but do not have an individual entitlement to services based upon state law.
4. In order to demonstrate compliance, the district must calculate proportionate share and demonstrate upon request that it has spent this amount of federal funds on eligible parentally-placed students who are enrolled in private schools located in the district.
5. Proportionate share is calculated using the worksheet provided in Attachment E using the following information:

- a. The total IDEA Part B funds received under Fund Code 240 in a fiscal year.
- b. The number of eligible parentally-placed private school students attending private school in a district, which includes:
  - i. Students who live in a district AND attend private school in the district;
  - ii. Students who live in another Massachusetts district but attend a private school in the district; AND
  - iii. Out-of-state students who attend a private school located in the district; AND
- c. The number of eligible public school students who live in the district.

### **C. Excess Costs**

1. Federal special education funds are intended to pay the excess costs for special education and related services provided to students with disabilities (i.e., those costs that exceed the costs that are expended to provide general education services.)
2. Districts must calculate the minimum amount a school district must spend at the elementary and secondary levels for the education of students with IEPs before it may use funds under Part B of the Individuals with Disabilities Education Act (IDEA), otherwise known as “Fund Code 240” grant funds.
3. Excess costs are calculated using the worksheet provided in Attachment F.

## **IX. Audits**

1. Auditing is another management tool for evaluating whether operations are executed economically, efficiently, and effectively. Audits of grant programs should be conducted on a regular basis.
2. State and federal grants are subject to audit by the granting agency, at the agency’s discretion.
3. Federal grants, including pass-through grants administered by the DESE are subject to federal “Single Audit” requirements:
  - a. For most recipients of federal funds, the audit requirements will be satisfied by the federal "Single Audit" conducted each year. Be advised that recent changes to the Single Audit Act (31 U.S.C. 7501 et seq. as amended) have raised the threshold which triggers the audit of federal funds from \$25,000 to \$500,000 or more in federal dollars received from all sources and expended in a given fiscal year.
  - b. This change will mean that many recipients (those who receive less than \$500,000 total federal dollars from all sources), will not be required to have a Single Audit done each year, although they may still be subject to an audit under state regulations. All recipients, however, are required

to maintain for purposes of audit or review, records, books, reports and any other data pertaining to a grant award for a period of seven (7) years, beginning on the first day after the final payment is received for that award. These books and records must be in sufficient detail to properly substantiate all claims for payment and expenditures made under the grant.

4. The Assistant Superintendent for Finance and Operations will create corrective action plans to address any audit finding(s), or other area of non-compliance, and will implement corrective actions, including procedures, to remediate any such findings.
5. The Assistant Superintendent will periodically monitor such corrective action plan to ensure the deficiency has been properly remediated.

## **X. Frequently Asked Questions**

As questions arise, this section will be populated.

## XI. Legal Authorities and Helpful Resources

The following documents contain relevant grants management requirements. Staff should be familiar with these materials and consult them when making decisions related to the federal grant.

Education Department General Administrative Regulations (EDGAR)

- <http://www2.ed.gov/policy/fund/reg/edgarReg/edgar.html>

Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (2 CFR Part 200)

- [https://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200\\_main\\_02.tpl](https://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl)

USDE's Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (2 CFR Part 3474)

- <https://www.ecfr.gov/cgi-bin/text-idx?SID=19a0676048f5ec64150d732963a813bd&mc=true&node=pt2.1.3474&rgn=div5>

Federal program statutes, regulations, and guidance

- <http://www.ed.gov/>

State regulations, rules, and policies

- Massachusetts Department of Elementary and Secondary Education, Grants Manual: <http://www.doe.mass.edu/Grants/essential.html>
- Massachusetts Municipal Records Retention Schedule: <https://www.sec.state.ma.us/arc/arcrmu/rmuidx.htm>
- Massachusetts Inspector General's Office, Chapter 30B Procurement: <https://www.mass.gov/info-details/oig-guides-and-advisories>

District regulations, rules, and policies

- Needham Public Schools, School Committee Policies: [http://www.needham.k12.ma.us/district\\_info/school\\_committee/policies](http://www.needham.k12.ma.us/district_info/school_committee/policies)
- Needham Public Schools, General School Financial Procedures: [http://www.needham.k12.ma.us/departments/business\\_operations/business\\_office/financial\\_procedures](http://www.needham.k12.ma.us/departments/business_operations/business_office/financial_procedures)



## **XII. Appendices**

Appendix A: Grant Spreadsheet

Appendix B: Sample Indirect Cost Calculation Worksheet

Appendix C: Time & Effort Certification Form

Appendix D: Maintenance of Effort Worksheet

Appendix E: Proportionate Share Worksheet

Appendix F: Excess Costs Worksheet

# Appendix A: Grant Spreadsheet

**FEDERAL AWARD YEAR:** [Enter Grant Fiscal Year]  
**FEDERAL AWARD IDENTIFICATION:** [Enter Grant Title]  
**CFDA TITLE & NUMBER:** [Enter CFDA Title & Number]  
**NAME OF FEDERAL AGENCY:** [Enter Federal Agency Name]  
**NAME OF PASS-THRU ENTITY:** [Enter State Agency Name]  
**FUNDING SOURCE (Federal, State, or Private):** [Identify Funding Source]  
**DURATION (Begin & End Dates):** [Enter Grant Beginning & End Dates]  
**FUND & COST CENTER NUMBER:** [Enter Fund & Cost Center]  
**REVENUE ACCOUNT NUMBER:** [Enter Revenue Account Number]  
**ORIGINAL BUDGET (Amount of Award):** [Enter Original Budget Amount]  
**REVISED BUDGET (Amount of Award):** [Enter Revised Budget Amount, if Different from Original]

**Access:**  
**Bookkeeper Name:** [Enter Name]  
**Grant Manager Name:** [Enter Name]  
**Accounting:** Pam, Kathy, TBD  
**Dir. Financial Ops.:** Anne Gulati

GRANT BUDGET				ACTUAL EXPENDITURES			ACCOUNT CODE											
Title/Cat	# Staff	FTE	Budget Amount	FTE	Name/Description	Actual Amount	Fund	Cost Center	DOE Pgm	DOE Bldg	DOE Funct	Subj	Gr	Act	Cat	NPS Obj	Sch A	DOE Obj
<b>Administrators (2100, 2350; 01)</b>																		
<b>Supervisor</b>																		
	-	-	\$0.00	-		\$0.00												
<b>Project Coordinator</b>																		
N/A	-	-	\$0.00	-	N/A	\$0.00												
<b>Stipends</b>																		
	-	-	\$0.00	-		\$0.00												
<b>Title Subtotal</b>	-	-	<b>\$0.00</b>	-		<b>\$0.00</b>												
<b>Instructional/ Professional Staff (2300, 2350; 01)</b>																		
						-												
<b>Title Subtotal</b>	-	-	<b>\$0.00</b>	-		<b>\$0.00</b>												
<b>Aides/Paraprofessionals (2300;03) &amp; (2100; 02) &amp; Other</b>																		
Category Subtotal	-	-	\$0.00	0.00	Category Subtotal	\$0.00												
Category Subtotal	-	-	\$0.00	0.00	Category Subtotal	\$0.00												
Category Subtotal	-	-	\$0.00	0.00	Category Subtotal	\$0.00												
<b>Title Subtotal</b>	-	-	<b>\$0.00</b>	<b>0.00</b>		<b>\$0.00</b>												
<b>Fringe Benefits (5100, 5200; 99)</b>																		
MTRS @ 9%	-	-	\$0.00	0.00	MTRS	\$0.00												
<b>Title Subtotal</b>	-	-	<b>\$0.00</b>	<b>0.00</b>		<b>\$0.00</b>												
<b>Consultants (2300, 2350; 04)</b>																		
			\$0.00			\$0.00												
			\$0.00			\$0.00												
<b>Title Subtotal</b>	-	-	<b>\$0.00</b>	-		<b>\$0.00</b>												

# Appendix A: Grant Spreadsheet (Continued)

**CFDA TITLE & NUMBER:** [Enter CFDA Title & Number]  
**NAME OF FEDERAL AGENCY:** [Enter Federal Agency Name]  
**NAME OF PASS-THRU ENTITY:** [Enter State Agency Name]  
**FUNDING SOURCE (Federal, State, or Private):** [Identify Funding Source]  
**DURATION (Begin & End Dates):** [Enter Grant Beginning & End Dates]  
**FUND & COST CENTER NUMBER:** [Enter Fund & Cost Center]  
**REVENUE ACCOUNT NUMBER:** [Enter Revenue Account Number]  
**ORIGINAL BUDGET (Amount of Award):** [Enter Original Budget Amount]  
**REVISED BUDGET (Amount of Award):** [Enter Revised Budget Amount, if Different from Original]

**Accounting:** Pam, Kathy, TBD  
**Dir. Financial Ops.:** Anne Gulati

GRANT BUDGET				ACTUAL EXPENDITURES			ACCOUNT CODE											
Title/Cat	# Staff	FTE	Budget Amount	FTE	Name/Description	Actual Amount	Fund	Cost Center	DOE Pgm	DOE Bldg	DOE Funct	Subj	Gr	Act	Cat	NPS Obj	Sch A	DOE Obj
<b>Textbooks &amp; Supplies (Various) &amp; (2100; 05)</b>																		
	-	-	\$0.00	0.00		\$0.00												
	-	-	<u>\$0.00</u>	0.00		<u>\$0.00</u>												
<b>Title Subtotal</b>	<b>-</b>	<b>-</b>	<b>\$0.00</b>	<b>0.00</b>		<b>\$0.00</b>												
<b>Travel (2100, 2300, 2350; 06)</b>																		
	-	-	\$0.00	0.00		\$0.00												
	-	-	<u>\$0.00</u>	0.00		<u>\$0.00</u>												
<b>Title Subtotal</b>	<b>-</b>	<b>-</b>	<b>\$0.00</b>	<b>0.00</b>		<b>\$0.00</b>												
<b>Other Expenses</b>																		
	-	-	\$0.00	0.00		\$0.00												
	-	-	<u>\$0.00</u>	0.00		<u>\$0.00</u>												
<b>Title Subtotal</b>	<b>-</b>	<b>-</b>	<b>\$0.00</b>	<b>0.00</b>		<b>\$0.00</b>												
<b>Indirect Expense (5600;09)</b>																		
Indirect @ 5.69 %	-	-	<u>\$0.00</u>	0.00	Indirect @ 5.69 %	<u>\$0.00</u>												
<b>Title Subtotal</b>	<b>-</b>	<b>-</b>	<b>\$0.00</b>	<b>0.00</b>		<b>\$0.00</b>												
<b>Equipment (Unit Cost &gt; \$5000)</b>																		
Instr. Equipment (2400;06)	-	-	\$0.00	0.00	Instr. Equipment (2400;06)	\$0.00												
Non-Instr. Equip. (7300;06)	-	-	\$0.00	0.00	Non-Instr. Equip. (7300;06)	\$0.00												
<b>Title Subtotal</b>	<b>-</b>	<b>-</b>	<b>\$0.00</b>	<b>0.00</b>		<b>\$0.00</b>												
<b>GRANT TOTAL</b>	<b>-</b>	<b>-</b>	<b>\$0.00</b>	<b>0.00</b>		<b>\$0.00</b>												
<b>Fiscal Year Grant Allocation</b>			<b>\$0.00</b>		<b>Fiscal Year Grant Allocation</b>	<b>\$0.00</b>												
<b>Over/(Under)</b>			<b>\$0.00</b>		<b>Over/(Under)</b>	<b>\$0.00</b>												

## Appendix A: Grant Spreadsheet (Continued)

**Inventory of Equipment  
Unit Cost > \$5,000; Useful Life of More Than One Year**

<u>#</u>	<u>NPS ID#</u>	<u>Mfgr. Serial #</u>	<u>Mfgr. Model #</u>	<u>Description</u>	<u>Acquisition Date</u>	<u>Location</u>	<u>Condition</u>	<u>Unit Cost</u>	<u>Disposition Status</u>	<u>% Federal Participation</u>	<u>Tagged Federal \$ ? *</u>
1											Yes/ No
2											
3											
4											
5											
6											
7											
8											
9											
10											
11											
12											
13											
14											
15											

\* Per Federal audit requirements, the above records must be retained of all federally-funded equipment with a unit cost of \$5,000 or more. Copies of titles should be attached (as applicable.) In addition, equipment must be tagged as having been purchased with federal funds. A physical inventory is required every two years of this equipment. This sheet may be used to complete and update the physical inventory.

## Appendix B – Sample Indirect Cost Calculation Worksheet

### Indirect Cost Calculation Worksheet

The following worksheet will automatically calculate the amount of funds that can be used by a school district for indirect costs.

**You will need to insert your school district's approved allowable rate and total funds requested in the yellow boxes.**

You will need to input the rate in either percentage (A) or decimal form (B). The "amount that can be used for indirect" is the **maximum** amount that your school districts can put in for indirect costs in line item 9. This worksheet assumes no capital expenditures. See other important notes below.

Indirect Cost Calculation (A) <i>Note: if percentage format used</i>		Input Your Grant Information Below
	<b>Example</b>	
Total Funds Requested	\$100,000	
Indirect Cost Percentage: If percentage used ( <b>2.18%</b> )	2.18%	
Total Funds/(1+Percentage)	\$97,867	\$0
<b>Maximum Amount that can be used for Indirect:</b>	<b>\$2,133</b>	<b>\$0</b>

Indirect Cost Calculation (B) <i>Note: if decimal format used</i>		Input Your Grant Information Below
	<b>Example</b>	
Total Funds Requested	\$100,000	
Indirect Cost Percentage: If decimals used ( <b>.0218</b> )	0.0218	
Total Funds/(1+Percentage)	\$97,867	\$0
<b>Maximum Amount that can be used for Indirect:</b>	<b>\$2,133</b>	<b>\$0</b>

#### Important Notes regarding Indirect Costs:

For all school districts in Massachusetts, costs must be consistent with the rate established by the Department's Office of School Finance. For other than school systems, applicant agencies must comply with provisions of CFR 34 S.76.561. (Please note that indirect costs are not allowable under certain grant programs. If you have any questions regarding this issue, contact the appropriate representative of the Department.)

Districts are allowed to take less than the maximum, but not more than the maximum allowable for indirect costs.

In calculating the indirect cost allowable for a particular grant, note that indirect costs cannot be charged on either capital expenditures or on indirect costs themselves. To arrive at the allowable amount one cannot simply multiply a total entitlement by the indirect rate.

The decision to recover indirect costs using these established rates is a local option. The rates are developed for school districts as the maximum allowable rate for a given fiscal year.

If indirect costs are recovered, they shall be returned to the general fund of the city or town in accordance with G.L. Chapter 44, Section 53. In the case of regional schools, indirect costs shall be returned to the regional school general fund.

## Appendix C – Time & Effort (100% Participation)

### NEEDHAM PUBLIC SCHOOLS TIME AND EFFORT CERTIFICATION REPORT Grant Year 20XX/20XX

<b>EMPLOYEE NAME:</b>	
-----------------------	--

SEMI ANNUAL: PAYROLL PERIOD		
September 20XX- February 20XX	March 20XX- August 20XX	

ACTIVITY REPORT:		
Allocate the percentage of time you worked for the month indicated above to each applicable program area. <b>The total must equal 100%.</b>		
FEDERAL PROGRAMS:	AMOUNT:	% Participation
SPED 94-142 Allocation (2003-108F)		100%
Teacher Quality (2003-103F)		%
Title I (2003-104F)		%
SPED Early Childhood (2003-105F)		%
Program Improvement (2003-106F)		%
		%
		%
		%
Other:		%
<b>TOTAL</b>		<b>100%</b>

This report is an after-the-fact determination of actual effort expended for the period indicated above and I have full knowledge of and can support 100% of these activities.

/ /	/ /
Employee signature	Date

**Please sign and return this form to:**

**Pam Piersiak**  
**Lead Accountant**  
**Needham Public Schools**  
**1330 Highland Avenue**  
**Needham MA 02492**  
**781-455-0400 x 217**  
**Pam\_Piersiak@Needham.k12.ma.us**

## Appendix C – Time & Effort (< 100% Participation)

### NEEDHAM PUBLIC SCHOOLS TIME AND EFFORT CERTIFICATION REPORT Grant Year 20XX/20XX

<b>EMPLOYEE NAME:</b>	
-----------------------	--

<b>PAYROLL MONTH(S):</b>					
	September		January		May
	October		February		June
	November		March		July
	December		April		August

<b>ACTIVITY REPORT:</b>		
Allocate the percentage of time you worked for the month indicated above to each applicable program area. <b>The total must equal 100%.</b>		
	<b>AMOUNT</b>	<b>% Participation</b>
<b>FEDERAL PROGRAMS:</b>		
SPED 94-142 Allocation (2003-108F) PER DIEM DAYS		0%
Teacher Quality (2003-103F)		0%
Title I (2003-104F)		0%
SPED Early Childhood (2003-105F)		0%
Program Improvement (2003-106F)		0%
		0%
		0%
		0%
		0%
<b>TOTAL</b>		<b>100%</b>

This report is an after-the-fact determination of actual effort expended for the period indicated above and I have full knowledge of and can support 100% of these activities.

\_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_  
Employee signature                      Date

**Please sign and return this form to:**

**Pam Piersiak**  
**Lead Accountant**  
**Needham Public Schools**  
**1330 Highland Avenue**  
**Needham MA 02492**  
**781-455-0400 x 217**  
**Pam\_Piersiak@Needham.k12.ma.us**

# Appendix D – Maintenance of Effort Worksheet

Needham

## Maintenance of Effort (MOE): Eligibility Standard

(See also, federal guidance: IDEA Part B Supplemental Regulations Local Education Agency (LEA) Maintenance of Effort (MOE) (July 2015) and Massachusetts guidance: Administrative Advisory SPED 2016-2: Requirements related to Maintenance of Effort (rev. 2018).)

### Step 3.1 Overview of Maintenance of Effort All Districts

#### What is MOE?

The Individuals with Disabilities Education Act of 2004 (IDEA) requires each local education agency (LEA) applying for IDEA grant funding (either Fund Code 240 or 262 or both) to meet two standards of maintenance of effort to ensure that each maintains the at least the same amount of local or state and local funds for the education of students with disabilities from year to year. Maintenance of effort is one method of ensuring that IDEA funds are supplementing rather than supplanting funds that would be used for educational services to students with disabilities.

**Eligibility Standard:** This standard is a forward-looking measure of MOE. Meeting this standard ensures that a district has budgeted the same amount of state and local funds for educational services to students with disabilities through at least one of two methods (described below) as it did in the last year it met MOE using the same method. **If a district fails to meet the eligibility standard for MOE (after taking into any applicable exception or adjustment), the district will not be eligible to receive IDEA funds for that fiscal year.**

**Compliance Standard:** This standard is a backward-looking measure of MOE. Meeting this standard ensures that a district has actually spent the same amount of state and local funds for educational services to students with disabilities through one of four methods (described below) as it did in the last year it met MOE using the same method.

**Meeting the eligibility standard:** In order to be eligible to receive an IDEA grant, a district must provide sufficient information to DESE to demonstrate that it has budgeted at least the same amount of state and local funding for educational services to students with disabilities as it did in the most recent fiscal year for which information is available. Districts must supply, at a minimum information below in order to fulfill this requirement.

**Meeting the compliance standard:** DESE preliminarily reviews end-of-year financial reports to assess districts' compliance standard, using the combined state and local funding method described below.

**TIP:** The Center for IDEA Fiscal Reporting Agency (LEA) Maintenance of Effort Calculator and supports districts for calculating the information calculator is free of charge and includes adjustments and warehousing MOE also developed a suite of resources that include state, regulations (34 CFR §300.201) regulations that may apply include §300.300.228, and 300.608) and non-regulatory

### Step 3.2 Demonstrating Maintenance of Effort: Eligibility Standard All Districts

**TIP:** Calculating MOE using local funds only (either in the aggregate or per pupil) is not available because the method of disbursing Chapter 70 funds prevents tracking as a separate state educational funding source.

Methods of Calculation for MOE	Current year		Comparison year	
	2019-2020 Budgeted Amounts		Provide actual expenditures from the last year that the district met MOE using this method	
	Amount (whole dollars)	Meets MOE (Yes/No)	Amount	Comparison year (FY...)
State and Local Funds	\$21,210,921	Yes	\$21,023,343	FY18
Combination of State and Local Funds	\$21,210,921	Yes	\$21,023,343	FY18
Combination of State and Local Funds, per pupil	\$20,918	No	\$21,854	FY18
Child Count	1014			

**TIP:** If one of the two gray boxes turns green for at least one method for which you have entered information, your district has met the MOE eligibility standard and you may move to the next workbook tab applicable to your district. If all boxes for which you entered information are red, you should proceed to Step 3.3 and you will be contacted by our Audit Group after submitting your application to work with you to determine whether an exception or adjustment will allow your district to meet the MOE eligibility standard.

**TIP:** If you are uncertain as to the last year that your district met Maintenance of Effort using either the state and local funds in the aggregate or per pupil, Federal Grants will be publishing a list on its website as districts in the second or third week of July. In the interim, if you need help with this information, contact DESE's Audit and Compliance Unit, 781-338-6511.

Instructions: How to demonstrate the MOE eligibility standard See 34 CFR §300.203 and MA Administrative Advisory SPED 2016-2.

**Methods:** Districts can use either one of these methods to meet its MOE eligibility standard regarding funds spent on the education of students with disabilities from year to year:

- 1) State and local funds combined; or
- 2) State and local funds combined on a per-pupil basis.

**Comparison year:** The comparison year for the MOE eligibility standard is the most recent fiscal year for which information is available and the LEA met MOE. If the LEA does not have final data for the immediately preceding year, it must use the year before that, assuming final data is available and the LEA met MOE in that year using the same method. Often, the most recent fiscal year will be two years prior to the budget year.

For instance, in 2018-2019 an LEA wants to use state and local funds on a per-pupil basis to show MOE for the budgeted year, and in 2016-2017 (the most recent year for which final financial information is available) it used state and local funds in the aggregate to prove MOE. If it also met MOE for 2016-2017 using state and local funds per pupil, even though that was not the method for proving MOE (districts may well meet MOE with more than one methodology). The district may use 2016-2017 as its comparison year for proving MOE using state and local funds per pupil in 2018-2019.

**Comparison year after failing to meet MOE:** If an LEA fails to meet MOE in a given year, in the next year an LEA must meet the level of expenditures that would have been required in the prior year in the absence of that failure, in order to use the failed year as a comparison year. In other words, the LEA may not use the reduced amount of funding from the year it failed to meet MOE as a comparison in subsequent years. In practice, this requirement will mean that the LEA will use the amount in the last year it met MOE with the chosen method of meeting the MOE eligibility standard as its comparison.

**If you are uncertain as to the last year that you met Maintenance of Effort using either the combination of state and local funds in the aggregate or per pupil,** Federal Grants will be publishing a list on its website and will send to districts in the second or third week of July. In the interim, if you need help with this information, contact Caitlin Hogan in DESE's Audit and Compliance Unit, 781-338-6511.



## Appendix E – Proportionate Share Worksheet

### ATTACHMENT A

*[School District Name & Fiscal Year]*

#### Calculation and Documentation of Proportionate Share Spending for Private School Students

#### **PART I – GENERAL INFORMATION**

Complete this form when the school district has identified as eligible for special education one or more parentally – placed private school students (private school students). This form documents the calculation of “proportionate share” and the use of Federal Special Education Entitlement funds (fund code 240) to serve one or more of the identified private school students. All sections of this form must be completed and available for review by the Department upon request. The report may also be used to provide information to private schools or parents on the calculation and spending of the proportionate share. The line items identified on this report must be aligned with line items submitted in the Fund Code 240 application for the same fiscal year.

School District Address:(Street, City/Town, Zip Code)	
---	--

Name of person to contact regarding this report: (print or type)	Name:	
	Title:	
	Phone Number:	(    )
	E-mail Address:	

Date of Report: (month/day/year)	
----------------------------------	--

#### **PART II – WORKSHEET: Calculate the Proportionate Share**

A. Number of eligible private school students attending private schools in the district (including students residing in the district and attending private school in the district; Massachusetts students not residing in the district, but attending a private school in the district; and out-of-state residents attending a private school in the district) and found eligible for special education. This number does NOT include students residing in the district but attending a private school located in another district or state.	
--	--

B. Number of ALL eligible students (both public and private) attending public or private schools located within the district.	
---	--

C. Divide the number in A by the number in B to identify the proportion that private school students represent of all eligible students. The result will be expressed as a percentage.	%
--	---

D. Insert the amount of the special education entitlement for the fiscal year for which you are doing this calculation (grant code 240).	\$
--	----

E. Multiply C times D. The resulting amount is the proportionate share of federal funds that you are required to spend on services to eligible students who attend private schools located in your district.	\$
--	----

## Appendix E – Proportionate Share Worksheet (Continued)

*[School District Name & Fiscal Year]*

Page 2 of 2

### Calculation and Documentation of Proportionate Share Spending for Private School Students

**PART III – BUDGET DETAIL:** Identify at least as many federal dollars that will be used to serve eligible private school students as are identified in Part II-E, above.

- Child find activities and evaluation activities cannot be included.
- The line item amounts identified below indicate the type of service or materials provided and the type of line item is aligned with the budget application for Fund Code 240. Any identified amounts below must be equal to or less than the identified amount submitted by the school district in its application for funds under Fund Code 240.
- Line items that may not be attributed to proportionate share services are shaded and no entries should be included in those line items for private school student proportionate share services.
- The explanation section should provide sufficient detail to effectively document the proportionate share services or materials provided, but should not provide information that could result in individual student identification because this form may be used to document spending to private schools or parents.

LINE ITEM	AMOUNT	EXPLANATION
1. Administrators	\$	
2. Instructional/ Direct Service Staff	\$	
3. Non-Instructional/ Support Staff	\$	
4. Fringe Benefits	\$	
5. Contractual Services	\$	
6. Supplies	\$	
7. Travel	\$	
8. Other	\$	
9. Indirect Costs	\$	
10. Equipment	\$	

## Appendix F – Excess Cost Worksheet

<p><i>[School District Name reporting for (previous) Fiscal Year]</i></p> <h3 style="margin: 0;">Excess Costs Calculation</h3>	
<p><b>PART I – GENERAL INFORMATION</b></p> <p>Complete this form <u>each year</u> to document the appropriate calculations completed by your district to determine the minimum amount a school district must spend at the elementary and secondary levels for the education of students with IEPs <u>before</u> it may use funds under Part B of the Individuals with Disabilities Education Act (IDEA).</p>	
<p>School District Address:(Street, City/Town, Zip Code)</p>	
<p>Name of person to contact regarding this report: (print or type)</p>	<p>Name: _____</p>
	<p>Title: _____</p>
	<p>Phone Number: (    ) _____</p>
	<p>E-mail Address: _____</p>
<p>Date of Report: (month/day/year)</p>	
<p><b>PART II – METHODOLOGY</b></p> <p>Please enter the method used to allocate schools and students and expenditures to either elementary or secondary level for the purposes of this calculation. Ensure that students with IEPs placed out-of-district are included in this calculation:</p>	
<b>Elementary</b>	<b>Secondary</b>
<p>Schools</p>	<p>Schools</p>
<p>Students total and Students with IEPs</p>	<p>Students total and Students with IEPs</p>
<p>Allocation of expenditures</p>	<p>Allocation of expenditures</p>
<p><b>PART III – WORKSHEET: Calculations for the previous fiscal year spending (actual expenditures)</b></p>	
<b>Elementary Calculation</b>	
<p>A. <u>Enter</u> the total elementary expenditure for the previous Fiscal Year (for all elementary students) from all sources (local, state, and federal).</p>	
<p>B. <u>Subtract</u> any amount spent for capital outlay or debt service relating to elementary education.</p>	

## Appendix F – Excess Cost Worksheet (Continued)

C.	<u>Subtract</u> any expenditure from federal IDEA special education funded grants for elementary level students/programs. (Including but not limited to, fund codes: 262, 240-268, 274, 289, 634, 674, 727-8, 760, and 762.)		
D.	<u>Subtract</u> any expenditure from federal ESEA Title 1, part A for elementary level students/programs. (Including but not limited to, fund codes: 305, 322-3, 510-11, 583, 675, 767, and 770-71.)		
E.	<u>Subtract</u> any expenditure from federal ESEA Title III, parts A & B for Limited English Proficient elementary level students/programs. (Including but not limited to, fund codes: 180, 184-5, and 187.)		
F.	<u>Subtract</u> any expenditure from state and local funds for special education at the elementary level. (May include, but is not limited to: spending from “circuit breaker” reimbursements or any state grant programs for special education.)		
G.	<u>Subtract</u> any expenditure from state and local funds for programs developed under the ESEA, Title 1, Part A and Title III, Parts A & B. at the elementary level. (Any spending for low income, neglected, LEP or migrant students.)		
H.	<u>Remainder</u> (A-B-C-D-E-F-G=H)		
I.	<u>Enter</u> the average number of all elementary level students (previous year).		
J.	<u>Divide</u> the remainder (H) by the average # of students (I) = average annual expenditure/student at the elementary level.		
K.	<u>Enter</u> the number of students with IEPs in the elementary schools (current year).		
L.	<u>Multiply</u> the annual average expenditure (J) by the number of students with IEPs in the elementary schools (K) = <b>the total minimum amount of funds the LEA must spend in the current year for the education of students with IEPs in the district’s elementary schools before using Part B funds.</b>		
<b>Secondary Calculation</b>			
A.	<u>Enter</u> the total secondary expenditure for the previous Fiscal Year (for all secondary students) from all sources (local, state, and federal).		
B.	<u>Subtract</u> any amount spent for capital outlay or debt service relating to secondary education.		
C.	<u>Subtract</u> any expenditure from federal IDEA special education funded grants for secondary level students/programs. (Including but not limited to, fund codes: 240-268, 274, 289, 634, 674, and 760.)		
D.	<u>Subtract</u> any expenditure from federal ESEA Title 1, part A for secondary level students/programs. (Including but not limited to, fund codes: 305, 322-3, 510-11, 583, 675, 767, and 770-71.)		

## Appendix F – Excess Cost Worksheet (Continued)

E. <u>Subtract</u> any expenditure from federal ESEA Title III, parts A & B for Limited English Proficient secondary level students/programs. (Including but not limited to, fund codes: 180, 184-5, and 187.)	
F. <u>Subtract</u> any expenditure from state and local funds for special education at the secondary level. (May include, but is not limited to: spending from "circuit breaker" reimbursements or any state grant programs for special education.)	
G. <u>Subtract</u> any expenditure from state and local funds for programs developed under the ESEA, Title 1, Part A and Title III, Parts A & B. at the elementary level. (Any spending for low income, neglected, LEP or migrant students.)	
H. <u>Remainder</u> (A-B-C-D-E-F-G=H)	
I. <u>Enter</u> the average number of all secondary level students (previous year).	
J. <u>Divide</u> the remainder (H) by the average # students (I) = average annual expenditure/student at the secondary level.	
K. <u>Enter</u> the number of students with IEPs in the secondary schools (current year).	
L. <u>Multiply</u> the annual average expenditure (J) by the number of students with IEPs in the secondary schools (K) = <b>the total minimum amount of funds the LEA must spend in the current year for the education of students with IEPs in the district's secondary schools before using Part B funds.</b>	