

# Germantown Municipal School District

## Policies and Procedures



**GERMANTOWN**  
MUNICIPAL SCHOOL DISTRICT  
*Excellence. Always.*

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Administration of Federal Education Programs

Aligned with the Requirements of the

New Uniform Grants Guidance

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December 2019

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## I. Introduction

This manual sets forth the policies and procedures used by the Germantown Municipal School District (GMSD) to administer federal funds. The manual contains the internal controls and grant management standards used by GMSD to ensure that all federal funds are lawfully expended. It describes in detail GMSD's financial management system, including cash management procedures, procurement policies; 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 GMSD, as well as incumbent employees, are expected to review this manual to gain familiarity and understanding of the GMSD's rules and practices. If you have any questions regarding the administration of federal education grants, including questions related to specific federal grant programs, please do not hesitate to contact the applicable program office at the Tennessee Department of Education (TDOE).

## II. Financial Management System

GMSD maintains a proper financial management system in order to receive both direct and state-administered grants and to expend funds associated with a grant award. Certain fiscal controls and procedures must be in place to ensure that all financial management system requirements are met. Failure to meet a requirement may result in return of funds or termination of the award.

### A. Financial Management Standards

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

#### ***Identification***

GMSD must identify, in its accounts, all federal awards received and expended and the federal programs under which they were received. Federal program and award identification must include, as applicable, the CFDA title and number, federal award identification number and year, name of the federal agency, and, if applicable, name of the pass-through entity.

GMSD utilizes a project accounting system in Skyward to identify Federal programs. EPlan also contains the CFDA title and number, program name, etc. for each Federal program received by GMSD. Fund 142 is established as the Federal Projects fund.

#### ***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).

GMSD utilizes a project accounting system in Skyward to report on each Federal program. In addition to reporting in ePlan, the results are provided monthly to the School Board and discussed at their meetings.

#### ***Accounting Records***

GMSD 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 subgrant awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation.

GMSD keeps separate records for each grant period. We keep electronic records in ePlan; and, in Skyward, as well as paper documentation.

### ***Internal Controls***

Effective control and accountability must be maintained for all funds, real and personal property, and other assets. GMSD must adequately safeguard all such property and must assure that it is used solely for authorized purposes.

“Internal controls” are tools to help program and financial managers achieve results and safeguard the integrity of their program. Internal controls should be designed to provide reasonable assurance that the following objectives are achieved:

- Effectiveness and efficiency of operations;
- Adequate safeguarding of property;
- Assurance property and money is spent in accordance with grant program and to further the Selected objectives; and
- Compliance with applicable laws and regulations.

GMSD adheres to the internal controls inherent within the accounting procedures as established by the State of Tennessee for all school districts. GMSD adheres to the Internal Control and Compliance Manual for Tennessee Municipalities. GMSD follows GASB and FASB regulations relative to accounting processes and reporting.

### ***Budget Control***

Actual expenditures or outlays must be compared with budgeted amounts for each federal award.

Skyward and ePlan compare actual v. budgeted expenditure amounts. Purchases are not allowed in Skyward if the purchase amount exceeds the budgeted amount.

### ***Cash Management***

GMSD must maintain written procedures to implement the cash management requirements found in EDGAR.

Requests for reimbursements are made at least monthly to the TN DOE for each Federal program. Cash is transferred from the School Operating Fund to the Federal Projects Fund to avoid any cash deficits.

### ***Allowable Costs***

GMSD must maintain written procedures for determining allowability of costs in accordance with EDGAR.

All requisitions must be approved by the Assistant Superintendent of Academic Education/Exceptional Student Education, and the Purchasing Analyst or CFO. Unallowable requests for purchases are not approved.

## B. Overview of the Financial Management/Accounting System

GMSD uses Skyward as its financial management system. The system has the following modules: Budget, General Ledger, Purchasing, Accounts Payable, HR/Payroll, and Fixed Assets. All modules are interfacing.

The annual budget is input into Skyward. Any subsequent budget amendments must be approved by the School Board and are then entered as an adjustment to the original budget. The amendments are consecutively numbered. For non-federal funds, budget transfers between line items within a function are allowable with the Superintendent's approval. The financial management system reports the original budget and adjusted budget in separate columns of certain financial statements. The Cabinet members and CFO are responsible for managing budgets. A project accounting system is utilized to track revenue and expenditures activity charged to Federal programs. The Federal Projects fund 142 is used to account for Federal programs and is separate from School Operating and other funds.

The CFO is responsible for compiling monthly and annual financial reports. These reports are provided to each Cabinet member and to each School Board member. The Cabinet members also have access to Skyward and can access account balances and activity at any time.

## C. Budgeting

### ***The Planning Phase: Meetings and Discussions***

Discussions are held between the Superintendent, Cabinet members, and building level administration to determine funding needs and priorities based on district goals and priorities. Early decisions for the budget are based on the prior year's award, and adjustments are made once the grant award letter is received and funds are determined. Decisions are made based on needs assessments done each fall, and through monitoring of changes in needs throughout the fiscal year. GMSD, as well as the individual schools, completes an annual needs assessment each fall on ePlan. Before budget requests for new resources are considered, current and existing resources are reviewed to determine the specific needs for the upcoming fiscal year. Personnel responsible for the budget process include the Superintendent, Cabinet members, and school level administration. The time frames for the annual budget process begins in late fall preceding the upcoming fiscal year and continue through early spring. In the case of new awards granted

throughout the fiscal year, the process is based on needs, availability of funds, and amount of funds.

### Reviewing and Approving the Budget

Based on feedback from the planning process, the Assistant Superintendent of Academic Education (Title and Perkins programs) and the Assistant Superintendent of Exceptional Student Education (IDEA) prepare an annual budget and submits it to the Superintendent for review. By the early spring of each year, the Assistant Superintendent of Academic Education/Exceptional Student Education will work with the CFO to determine the allowability of recommended expenditures. If a cost is determined to be not allowable, then the Assistant Superintendent of Academic Education/Exceptional Student Education will make necessary adjustments to meet allowability.

### ***After Receiving the grant award letter***

Upon receipt of the grant award letter, the Assistant Superintendent of Academic Education/Exceptional Student Education will meet with Superintendent and/or CFO to discuss adjustments that need to occur. If the amount is changed (increased or decreased), then a meeting is held to determine the best use of the funds awarded.

### ***Amending the Budget***

The Assistant Superintendent of Academic Education (Title and Perkins programs) and the Assistant Superintendent of Exceptional Student Education (IDEA) are responsible for amending any Federal program budgets through ePlan. Amendments in ePlan are also approved by the CFO and the Superintendent. The TN DOE is responsible for final approval of any amendments in ePlan. Any subsequent budget amendments are submitted to the CFO by the Assistant Superintendent of Academic Education/Exceptional Student Education and must be approved by the School Board. The amendment is then entered as an adjustment to the original budget. The amendments are consecutively numbered. The financial management system reports the original budget and adjusted budget in separate columns of certain financial statements.

### ***Budget Control***

GMSD monitors its financial performance by comparing and analyzing actual results with budgeted results.

Skyward and ePlan compare actual v. budgeted expenditure amounts. Purchases are not allowed in Skyward if the purchase amount exceeds the budgeted amount. Monthly financial reports compare actual expenditures to budgeted amounts. The disposition of any variances would be

determined by the CFO or Senior Accountant and the Assistant Superintendent of Academic Education/Exceptional Student Education.

#### D. Accounting Records

The Finance Department and each school is responsible for maintaining accounting records. Purchases are approved by each Cabinet member and by the Purchasing Analyst. Payroll related transactions or adjustments are approved by the Cabinet member and/or the Executive Director for Human Resources. The Finance Administrative Assistant maintains all invoice copies by batch number and any payroll information is maintained by the Payroll Specialist.

Journal entries are made by either the Senior Accountant or CFO. There are no recurring journal entries established in Skyward. Documentation for all journal entries is maintained by the Finance Department and is subject to audit.

#### E. Spending Grant Funds

The process to determine what items (i.e., goods and services) should be included in the budget is needs-based. District and school staff makes decisions on specific items to be included based on current assessment of student and staff needs.

While developing and reviewing the grant budget, the Assistant Superintendent of Academic Education, the Assistant Superintendent of Exceptional Student Education, Superintendent, and building administrators should keep in mind the difference between direct costs and indirect costs.

#### ***Direct and Indirect Costs Defined***

Determining Whether a Cost is Direct or Indirect: 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). Indirect costs are those that have been incurred for a common or joint purpose benefitting 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. 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).

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:

- Administrative or clerical services are integral to a project or activity;
- Individuals involved can be specifically identified with the project or activity;
- Such costs are explicitly included in the budget or have the prior written approval of the federal awarding agency; and
- The costs are not also recovered as indirect costs. 2 C.F.R. § 200.413(c).

Indirect Cost Rate:

TNDOE approves indirect cost rates for one year. Our current indirect cost rate is 7.19%.

Applying the Indirect Cost Rate: Once GMSD 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 GMSD 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.

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.

***Determining Allowability of Costs***

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.

When determining how GMSD will spend its grant funds, the Department of Academic Education/Exceptional Student Education 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 C.F.R. § 200.403, which are provided in the bulleted list below. The Department of Academic Education/Exceptional Student Education must consider these factors when making an allowability determination.

- **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.

When determining reasonableness of a cost, consideration must be given to:

- Whether the cost is a type generally recognized as ordinary and necessary for the operation of GMSD or the proper and efficient performance of the federal award.
- 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.
- Market prices for comparable goods or services for the geographic area.
- Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to GMSD, its employees, its students, the public at large, and the federal government.
- Whether GMSD 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

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 GMSD can demonstrate that the cost addresses an existing need, and can prove it. For example, GMSD may deem a language skills software program necessary for a limited English proficiency program.

When determining whether a cost is necessary, consideration may be given to:

- Whether the cost is needed for the proper and efficient performance of the grant program.
  - Whether the cost is identified in the approved budget or application.
  - Whether there is an educational benefit associated with the cost.
  - Whether the cost aligns with identified needs based on results and findings from a needs assessment.
  - Whether the cost addresses program goals and objectives and is based on program data.
- **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.
- **Consistent with policies and procedures that apply uniformly to both federally-financed and other activities of GMSD.**
- **Conform to any limitations or exclusions set forth as cost principles in Part 200 or in the terms and conditions of the federal award.**
- **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.
- **Adequately documented.** All expenditures must be properly documented.
- **Be determined in accordance with general accepted accounting principles (GAAP), unless provided otherwise in Part 200.**
- **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.
- **Be the 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.

See GMSD website: [www.gmsdk12.org](http://www.gmsdk12.org), HR 5.605, Staff Gifts and Solicitations

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.

### ***Selected Items of Cost***

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. Please 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.

District personnel responsible for spending federal grant funds and for determining allowability must be familiar with the Part 200 selected items of cost section. GMSD 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.

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>
Advertising and public relations costs	2 C.F.R. § 200.421
Advisory councils	2 C.F.R. § 200.422
Alcoholic beverages	2 C.F.R. § 200.423
Alumni/ae activities	2 C.F.R. § 200.424
Audit services	2 C.F.R. § 200.425
Bad debts	2 C.F.R. § 200.426
Bonding costs	2 C.F.R. § 200.427
Collection of improper payments	2 C.F.R. § 200.428
Commencement and convocation costs	2 C.F.R. § 200.429
Compensation – personal services	2 C.F.R. § 200.430
Compensation – fringe benefits	2 C.F.R. § 200.431
Conferences	2 C.F.R. § 200.432
Contingency provisions	2 C.F.R. § 200.433
Contributions and donations	2 C.F.R. § 200.434
Defense and prosecution of criminal and civil proceedings, claims, appeals and patent infringements	2 C.F.R. § 200.435
Depreciation	2 C.F.R. § 200.436
Employee health and welfare costs	2 C.F.R. § 200.437
Entertainment costs	2 C.F.R. § 200.438
Equipment and other capital expenditures	2 C.F.R. § 200.439
Exchange rates	2 C.F.R. § 200.440
Fines, penalties, damages and other settlements	2 C.F.R. § 200.441
Fund raising and investment management costs	2 C.F.R. § 200.442
Gains and losses on disposition of depreciable assets	2 C.F.R. § 200.443
General costs of government	2 C.F.R. § 200.444
Goods and services for personal use	2 C.F.R. § 200.445
Idle facilities and idle capacity	2 C.F.R. § 200.446
Insurance and indemnification	2 C.F.R. § 200.447
Intellectual property	2 C.F.R. § 200.448
Interest	2 C.F.R. § 200.449
Lobbying	2 C.F.R. § 200.450
Losses on other awards or contracts	2 C.F.R. § 200.451
Maintenance and repair costs	2 C.F.R. § 200.452
Materials and supplies costs, including costs of computing devices	2 C.F.R. § 200.453

Memberships, subscriptions, and professional activity costs	2 C.F.R. § 200.454
Organization costs	2 C.F.R. § 200.455
Participant support costs	2 C.F.R. § 200.456
Plant and security costs	2 C.F.R. § 200.457
Pre-award costs	2 C.F.R. § 200.458
Professional services costs	2 C.F.R. § 200.459
Proposal costs	2 C.F.R. § 200.460
Publication and printing costs	2 C.F.R. § 200.461
Rearrangement and reconversion costs	2 C.F.R. § 200.462
Recruiting costs	2 C.F.R. § 200.463
Relocation costs of employees	2 C.F.R. § 200.464
Rental costs of real property and equipment	2 C.F.R. § 200.465
Scholarships and student aid costs	2 C.F.R. § 200.466
Selling and marketing costs	2 C.F.R. § 200.467
Specialized service facilities	2 C.F.R. § 200.468
Student activity costs	2 C.F.R. § 200.469
Taxes (including Value Added Tax)	2 C.F.R. § 200.470
Termination costs	2 C.F.R. § 200.471
Training and education costs	2 C.F.R. § 200.472
Transportation costs	2 C.F.R. § 200.473
Travel costs	2 C.F.R. § 200.474
Trustees	2 C.F.R. § 200.475

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. For example, often the State’s travel rules are more restrictive than federal rules, which means the State’s policies must be followed.

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.

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.

See GMSD website: [www.gmsdk12.org](http://www.gmsdk12.org), Policies

TN State Board of Education Rules and Regulations

- [http://www.tn.gov/sbe/rul\\_reg.shtml](http://www.tn.gov/sbe/rul_reg.shtml)

TN State Board of Education Policies, Standards, and Guidelines

- <http://www.tn.gov/sbe/policies.shtml>

### ***Frequent Types of Costs***

Travel: 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).

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 GMSD 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 GMSD's established policy. 2 C.F.R § 200.474(b).

Reimbursable travel expenses are to be reported on the travel expense reimbursement form. Actual receipts for all travel expenses (with the exception of mileage) must be attached to the reimbursement form. COPIES WILL NOT BE ACCEPTED. Receipts must be detailed. Employees will be allowed a per diem reimbursement for meals in the event receipts are missing or do not provide appropriate level of detail. The per diem will be equal to the rates established by the U.S. General Services Administration. Reimbursement forms and related receipts should be given to the Purchasing Analyst. The Purchasing Analyst will verify the form and receipts are complete and the Accounts Payable Assistant will enter the reimbursement into Skyward.

### ***Helpful Questions for Determining Whether a Cost is Allowable***

In addition to the cost principles and standards described above, the Department of Academic Education/Exceptional Student Education 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:

- Is the proposed cost allowable under the relevant program?
- Is the proposed cost consistent with an approved program plan and budget?
- Is the proposed cost consistent with program specific fiscal rules?
  - For example, GMSD may be required to use federal funds only to supplement the amount of funds available from nonfederal (and possibly other federal) sources.
- Is the proposed cost consistent with EDGAR?
- Is the proposed cost consistent with specific conditions imposed on the grant (if applicable)?

As a practical matter, the Department of Academic Education/Exceptional Student Education 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

Also, funds should be targeted to address areas of weakness, as necessary. To make this determination, the Department of Academic Education/Exceptional Student Education should review data when making purchases to ensure that federal funds to meet these areas of concern.

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

GMSD will comply with applicable methods and procedures for payment that minimize the time elapsing between the transfer of funds and disbursement by GMSD, in accordance with the Cash Management Improvement Act at 31 C.F.R. Part 205. Generally, GMSD receives payment from the TDOE on a reimbursement basis. 2 C.F.R. § 200.305. However, if GMSD receives an advance in federal grant funds, GMSD will remit interest earned on the advanced payment quarterly to the federal agency. GMSD may retain interest amounts up to \$500 per year for administrative e expenses. 2 C.F.R. § 200.305(b)(9).

According to guidance from the U.S. Department of Education (ED), when calculating the interest earned on ED grant funds, in any situation where the State draws from the G5 system in advance of GMSD using non-federal funds to pay vendors and/or employees, the only events and dates that are relevant are: 1) the date on which the federal grant funds are drawn down by the State; and 2) the date on which those funds are disbursed by GMSD. Any interest earned on those funds while on-deposit in GMSD's bank account after drawdown and before disbursement must be included in the interest earned calculation.

### ***Payment Methods***

Reimbursements: All reimbursements are based on actual disbursements, not on obligations. GMSD may initially charge federal grant expenditures to nonfederal funds.

GMSD's Senior Accountant will request reimbursement for actual expenditures incurred under the federal grants at least monthly. Reimbursement requests will be submitted via ePlan. All reimbursements are based on actual disbursements, not on obligations. The Senior Accountant is responsible for submitting reimbursement requests based upon monthly financial reports generated from Skyward.

Consistent with state and federal requirements, GMSD will maintain source documentation supporting the federal expenditures (i.e., invoice copies, time sheets, and payroll registers) and will make such documentation available for the TDOE review upon request.

Reimbursements of actual expenditures do not require interest calculations.

Advances: To the extent GMSD receives advance payments of federal grant funds, GMSD will strive to expend the federal funds on allowable expenditures within 72 hours of receipt. GMSD will hold federal advance payments in interest-bearing accounts, unless an allowable exception applies. GMSD will calculate interest earned on cash balances after 72 hours of receipt of advance payments.

GMSD does not receive any advances of Federal funds so there is no interest income to remit.

## G. Timely Obligation of Funds

### ***When Obligations are Made***

Obligations are orders placed for property and services, contracts and subawards 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

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 GMSD makes a binding written commitment to acquire the property
Personal services by an employee of GMSD	When the services are performed
Personal services by a contractor who is not an employee of GMSD	On the date which GMSD makes a binding written commitment to obtain the services
Public utility services	When GMSD receives the services
Travel	When the travel is taken
Rental of property	When GMSD uses the property
A pre-agreement cost that was properly approved by the Secretary under the cost principles in 2 C.F.R. 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.

### ***Period of Availability of Federal Funds***

All obligations must occur on or between the beginning and ending dates of the grant project. 34 C.F.R. § 76.707. This period of time is known as the period of availability. The period of availability is dictated by statute and will be indicated in the grant award letter. Further, certain grants have specific requirements for carryover funds that must be adhered to.

*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 GMSD 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.

Direct Grants: In general, the period of availability for funds authorized under direct grants is identified in the grant award letter.

For both state-administered and direct grants, regardless of the period of availability, GMSD 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, GMSD closely monitors grant spending throughout the grant cycle.

### ***Carryover***

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, GMSD may have multiple years of grant funds available under the same program at the same time.

GMSD Final Expenditure Report (FER) is reconciled and submitted to TDOE via ePlan. Any carryover funds are automatically transferred to the current grant application to be budgeted prior to expending. For programs with carryover limitations (i.e. ESEA Title I, Title III) a carryover waiver request letter will be submitted to TDOE when the carryover exceeds the cap.

GMSD Final Expenditure Report (FER) is reconciled and submitted to TDOE via ePlan. Any carryover funds are automatically transferred to the current grant application to be budgeted prior to expending. For programs with carryover limitations (i.e. ESEA Title I, Title III) a carryover waiver request letter will be submitted to TDOE when the carryover exceeds the cap.

Direct Grants: Grantees receiving direct federal grants are not covered by the 12 month Tydings period, i.e. ESEA-Title VI, SRSA. However, under 2 C.F.R. § 200.308, direct grantees enjoy unique authority to expand the period of availability of federal funds. GMSD 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, GMSD 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.

GMSD will seek prior approval from the federal agency when the extension will not be contrary to federal statute, regulation or grant conditions and:

- The terms and conditions of the Federal award prohibit the extension;
- The extension requires additional Federal funds; or
- The extension involves any change in the approved objectives or scope of the project. 2 C.F.R. § 200.308(d)(2).

GMSD will 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 period. The Assistant Superintendent of Academic Education will make this decision, with the Superintendent making the final approval. Specific details per the awarding agency will be provided in a written notice from the Superintendent.

#### H. Program Income

##### ***Definition***

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.

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.

### ***Use of Program Income***

The default method for the use of program income for GMSD 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 GMSD 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).

While the deduction method is the default method, GMSD always refers to the grant award letter prior to determining the appropriate use of program income.

GMSD does not receive any program income for any of its Federal programs administered.

### III. Procurement System

GMSD maintains the following purchasing procedures.

#### A. Responsibility for Purchasing

Cabinet members have purchasing authority within their department. Departments initiate electronic purchasing requisitions in Skyward and attach appropriate bidding documentation to the requisition. The Purchasing Analyst or the CFO then reviews the requisition and either approves or denies. Upon approval, a purchase order is generated. Purchases more than \$100,000 must be approved by the Board of Education.

See GMSD website: [www.gmsdk12.org](http://www.gmsdk12.org), FM 2.805, Purchasing; and FM 2.806, Bids and Quotations; FM 2.808, Purchase Orders

GMSD Accounting Policies & Procedures

#### B. Purchase Methods

The type of purchase procedures required depends on the cost of the item(s) being purchased. **Note, if state or local procurement policy is more restrictive than the federal purchase methods below, districts must always follow the most restrictive policy.**

##### ***Purchases up to \$10,000***

Tennessee Code Annotated (T.C.A.) allows a district to choose to follow the prescribed purchasing procedures of GMSD's local governing body, or to develop its own policies and procedures and purchase all supplies, furniture, fixtures, and material of every kind through the executive committee.

T.C.A. § 49-2-203(a)(3)(B) states, "If the LEA chooses not to follow the local governing body's purchasing procedures, all purchases of less than ten thousand dollars (\$10,000) may be made in the open market without newspaper notice, but shall, whenever possible, be based upon at least three (3) competitive bids."

##### Routine Purchases

Routine purchases shall include expenditures for supplies, salaries, and routine expenditures required for the operation of the school system. These expenditures shall be anticipated and provided for in the budget and will normally be authorized by the Board at the beginning of the fiscal year. The Superintendent or his/her designee shall make all routine purchases without

further Board authorization; however, the Board shall be promptly informed if any substantial variation from budgeted estimates occurs or becomes necessary.

### Emergency Purchases

Emergency purchases are those which are necessary to avert hazards which threaten health or safety, to protect property from damage or to avoid major disruption of educational activities. If within budgetary limits and deemed essential, emergency purchases may be made by the Cabinet member. However, if the purchase is of such significant magnitude as to impact on the integrity of the budget, the chairman shall call a special or emergency meeting of the Board to deal with the matter. In any event, the Board shall be advised promptly of all emergency purchases.

### Online Purchases

The Board recognizes that online purchasing may provide opportunities for savings, but extra precaution should be used to ensure that accounting procedures are followed. Online purchasing shall be permitted with the following requirements:

1. Prior authorization must be obtained from the superintendent before setting up new online accounts, and a list of online accounts must be maintained.
2. Online purchases must be for central office purposes and made in accordance with established policies and procedures. Employees are prohibited from making personal purchases even with the intent of reimbursing GMSD. Employees are prohibited from using GMSD's tax exempt status for personal purchases of any kind.
3. The availability of money for the fund/account in question should be determined before Purchase Orders are approved.
4. All Purchase Orders must be properly filled out and approved prior to a purchase.
5. Price quotes should be obtained where possible and/or practical and retained with other purchase documentation or online with the Skyward requisition.

### Contractual Purchases

Contracted services do not require a purchase order. The signed contract shall serve as approval of the purchase.

## Purchase Orders

Most purchases require a purchase order to be created in SKYWARD. The individual making the request, or their superior if the individual does not have access/rights, should enter the purchase order in SKYWARD. Purchase orders must be approved by the appropriate department supervisor or the superintendent. Supervisors approving purchase orders should verify purchases are within budgetary guidelines prior to authorizing.

**For purchases made with Federal funds, a purchase order will be generated for each request.**

Purchase orders should include a description of the services to be performed or goods to be delivered:

- A location where the services are to be performed or goods to be delivered:
- The appropriate dates of service or delivery.
- Account number
- Person receiving the goods
- Documentation and logs are kept in a computerized format and paper format in the school and central office.

**GMSD Procurement follows the city of Germantown's purchasing guidelines which are outlined here:**

### **Purchases of \$25,000 and above:**

All purchases of supplies, materials, equipment and contractual services in excess of twenty-five thousand dollars (\$25,000.00) shall be based upon competitive bids. An invitation to Bid (IFB) of written, sealed bids based upon specifications of the materials or services to be purchased will be solicited by advertisement in a newspaper of general circulation and/ or by invitation to a comprehensive list of bidders. Bids are sealed until a specified date and time; at which time the bid is publicly opened. Bids are then evaluated for the best price meeting or exceeding specifications.

### **Purchases from \$10,000 to \$24,999:**

Purchases of items whose dollar amount falls between ten thousand dollars (\$10,000) and twenty-four thousand, nine hundred and ninety-nine dollars (\$24,999) shall be made by a Request for Quotation (RFQ). A Request for Quotation is the solicitation of three written offers for bids for equipment, supplies or services. A public bid opening is not required.

### **Purchases under \$10,000:**

Purchases under \$10,000 may be made via a request for pricing through email or online. This type of solicitation is usually made for various parts, supplies, materials or services which are non-technical in nature. Purchases made with Federal dollars also follow this guideline. School Nutrition will follow Federal guidelines.

**Purchases using Federal funds less than \$10,000 require at least three competitive bids prior to the approval of the purchase. Bids may be obtained via public advertisement or direct contact of vendors. If three competitive bids are not received, the reason must be explained on the P.O. prior to approval by the appropriate supervisor.**

Purchases for more than \$100,000 or must be approved by the School Board.

Once a purchase order has been granted proper approval the purchase can be made.

See above.

Competitive Proposals: 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:

- 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;
- Proposals must be solicited from an adequate number of qualified sources; and
- Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered.

For competitive proposals, EDGAR requires recipients to have a written method for conducting technical evaluations of the proposals received and for selecting recipients.

Architectural/Engineering Professional Services: GMSD 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.

Contract/Price Analysis: A cost or price analysis is performed in connection with every procurement action in excess of \$150,000, 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.

The method and degree of analysis is dependent on the facts surrounding the particular procurement situation; however, Districts must come to an independent estimate prior to receiving bids or proposals. 2 C.F.R. § 200.323(a).

When performing a cost analysis, GMSD 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).

### ***Noncompetitive Proposals (Sole Sourcing)***

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:

- The item is available only from a single source;
- The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
- The federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from GMSD; or
- After solicitation of a number of sources, competition is determined inadequate.

*Educational Consultants and Similar Services:* In order to procure educational consultants in accordance with T.C.A. § 12-4-106(a)(1), the procurement must be paid with state or local funds:

Contracts by counties, cities, metropolitan governments towns, utility districts and other municipal and public corporations of the state, for legal services, fiscal agent, financial advisor or advisory services, educational consultant services and similar services by professional persons or groups of high ethical standards, shall not be based upon competitive bids, but shall be awarded on the basis of recognized competence and integrity. The prohibition against competitive bidding in this section shall not prohibit any entity enumerated from interviewing eligible persons or groups to determine the capabilities of such persons or groups.

### ***Cost Price Analysis and Sole Source***

A cost or price analysis will be performed for noncompetitive proposals when the price exceeds \$150,000.

### C. Purchase Cards

Not applicable.

### D. Full and Open Competition

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:

- Placing unreasonable requirements on firms in order for them to qualify to do business;
- Requiring unnecessary experience and excessive bonding;
- Noncompetitive pricing practices between firms or between affiliated companies;
- Noncompetitive contracts to consultants that are on retainer contracts;
- Organizational conflicts of interest;
- 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
- Any arbitrary action in the procurement process.

EDGAR further requires the following to ensure adequate competition.

#### ***Geographical Preferences Prohibited***

GMSD will 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.

#### ***Prequalified Lists***

GMSD will 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, GMSD must not preclude potential bidders from qualifying during the solicitation period.

### ***Solicitation Language***

GMSD will 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.

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 offers 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

### ***Avoiding Acquisition of Unnecessary or Duplicative Items***

GMSD will avoid the acquisition of unnecessary or duplicative items. Additionally, consideration is given to consolidating or breaking out procurements to obtain a more economical purchase. And, where appropriate, an analysis must be made of leases versus purchase alternatives, and another other appropriate analysis to determine the most economical approach. These considerations are given as part of the process to determine the allowability of each purchase made with federal funds. This will occur during the requisition/bid process.

See website [www.gmsdk12.org](http://www.gmsdk12.org), FM 2.805, Purchasing

### ***Use of Intergovernmental Agreements***

To foster greater economy and efficiency, the GMSD shall enter into state and local intergovernmental agreements where appropriate for procurement or use of common or shared goods and services.

GMSD enters into state and local intergovernmental agreements for use of common or shared goods and services, including the Shelby County municipal school districts.

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

GMSD shall consider 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.

GMSD may use Federal Surplus Property Warehouse located in Nashville, TN.

### ***Debarment and Suspension***

GMSD shall award 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.

GMSD may not subcontract with or award subgrants to any person or company who is debarred or suspended and is required to check for excluded parties at the System for Award Management website before any procurement transaction. This list is located at: <http://www.sam.gov/>.

The Purchasing Analyst verifies whether a vendor is debarred or suspended.

### ***Maintenance of Procurement Records***

GMSD 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.

The Cabinet member or his/her administrative assistant is responsible for maintaining procurement records. Any bid information will be attached electronically to the purchase requisition before a purchase order is approved.

### ***Time and Materials Contracts***

GMSD may use a time and materials type contract only if (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 GMSD 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.

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, GMSD must assert a high degree of oversight in order to obtain reasonable assurance that the contractor is using efficient methods and effective cost controls.

GMSD does not utilize time and materials contracts.

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

GMSD 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 GMSD of any contractual responsibilities under its contracts. Violations of law will be referred to the local, state, or federal authority having proper jurisdiction.

Independent legal counsel would be consulted on any procurement issues and the School Board would be notified accordingly.

### ***Protest Procedures to Resolve Dispute***

GMSD shall maintain protest procedures to handle and resolve disputes relating to procurements and, in all instances, disclose information regarding the protest to the awarding agency.

Any disagreements are brought before the Superintendent immediately. Any bidders are told this in the initial bid solicitation.

## F. Conflict of Interest Requirements

### ***Standards of Conduct***

In accordance with 2 C.F.R. § 200.18(c)(1), GMSD maintains the following standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award and administration of contracts.

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.

The officers, employees, and agents of GMSD 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.

See GMSD website: [www.gmsdk12.org](http://www.gmsdk12.org), SBO 1.106, Ethics; SBO 1.1061, Boardsmanship Code of Ethics

### ***Organizational Conflicts***

Organizational conflicts of interest means that because of relationships with a parent company, affiliate, or subsidiary organization, the non-Federal entity is unable or appears to be unable to be impartial in conducting a procurement action involving a related organization. 2 C.F.R § 200.318(c)(2).

GMSD does not have a parent company or similar organization that is not a governmental unit.

### ***Disciplinary Actions***

The Human Resources Department would provide a conference of redirection for corrective action up to termination.

### ***Mandatory Disclosure***

Upon discovery of any potential conflict, GMSD shall disclose in writing the potential conflict to the federal awarding agency in accordance with applicable federal awarding agency policy.

## G. Contract Administration

GMSD shall maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders 2 C.F.R. § 200.318.

GMSD Accounting Policies & Procedures

## IV. Property Management Systems

### A. Property Classifications

*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 GMSD for financial statement purposes, or \$5,000. 2 C.F.R. § 200.33.

*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 GMSD for financial statement purposes or \$5,000, regardless of the length of its useful life. 2 C.F.R. § 200.94.

*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.

*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:

- Land, buildings (facilities), equipment, and intellectual property (including software) whether acquired by purchase, construction, manufacture, lease-purchase, exchange, or through capital leases; and
- 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

Each department or school is responsible for receiving equipment. GMSD identifies fixed asset acquisitions through the invoice payment process at both the Central Office and school level for non-technology purchases. The Senior Accountant or School Financial Secretary provides the Fixed Asset Clerk a copy of the invoice. The Senior Accountant enters the item into the fixed asset inventory system and the Fixed Asset Clerk will tag item.

The Fixed Asset Clerk assists school technology staff and is responsible for inventorying and tagging technology equipment. The Fixed Asset Clerk also enter the items into the fixed asset inventory system.

### C. Inventory Records

For each equipment and computing device purchased with federal funds, the following information is maintained:

- Serial number or other identification number;
- Source of funding for the property;
- Who holds title;
- Acquisition date and cost of the property;
- Percentage of federal participation in the project costs for the federal award under which the property was acquired;
- Location, use and condition of the property; and
- Any ultimate disposition data including the date of disposal and sale price of the property.

Items purchased with federal funds will receive an additional tag/label to identify the funding source. A Change in Fixed Assets form will be completed and submitted to the Finance Department if an items is obsolete or lost. The Operations Department will be notified if any equipment is stolen. Any items sold will be handled through an auction administered by the Finance Department.

### D. Physical Inventory

A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.

A physical inventory of equipment items, both controllable and capitalizable, is performed annually. The inventory is performed by both the Technology and Finance Departments.

### E. Property/Equipment Maintenance

In accordance with 2 C.F.R.313(d)(4), GMSD maintains adequate maintenance procedures to ensure that property/equipment is kept in good condition. Any issues regarding property/equipment would be addressed with either the Technology Coordinator or the Chief of Operations.

## F. Lost or Stolen Items

GMSD maintains a control system that ensures adequate safeguards are in place to prevent loss, damage, or theft of the property. Equipment that is stolen is reported to local jurisdiction of law enforcement.

A sign-in/sign-out and an acceptable use form is completed for technology equipment. School staff will report the loss, damage, or theft of technology equipment to the appropriate Computer Tech at his/her school. A police report is filed and a copy is sent to the Technology Coordinator. Central Office staff will make such reports directly to the Technology Coordinator. The Technology Coordinator files a claim with the insurance company and GMSD is reimbursed for the loss based upon usage. Software is available to remotely erase a computer device which may have been lost or stolen.

Computer devices are inventoried and are marked with a GMSD bar code label.

Any loss, damage, or theft of non-computer devices is reported to the Chief of Operations and is handled in a similar manner.

## G. Use of Equipment

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 GMSD will not encumber the property without prior approval of the federal awarding agency and the pass-through entity. 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.

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.

## H. Disposal of Equipment

Surplus property will be disposed of in accordance with state or federal regulations.

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, the Assistant Superintendent of Academic Education/Exceptional Student Education shall 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.

If acquiring replacement equipment, GMSD 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.

## V. Written Compensation Policies

### A. Time and Effort

#### ***Time and Effort Standards***

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. C.F.R. § 200.430(i)(1). In addition, employees who are paid from state and local funds, but whose salaries are used for cost sharing or matching must also keep time and effort documentation. 2 C.F.R. § 200.430(i)(4).

Charges to federal awards for salaries and wages must be based on records that accurately reflect the work performed. In accordance with 2 C.F.R. § 200.430(i)(1), these records must:

- Be supported by a system of internal controls which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- Be incorporated into official records;
- Reasonably reflect total activity for which the employee is compensated, not exceeding 100% of compensated activities;
- Encompass both federally assisted and all other activities compensated by GMSD on an integrated basis;
- Comply with the established accounting policies and practices of GMSD and
- Support the distribution of the employee's salary or wages among specific activities or costs objectives.

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. 200.430(i)(1)(viii).

#### ***Time and Effort Procedures***

In order to meet the above requirements, all employees who must complete time and effort forms must submit either a semi-annual certification or a personnel activity report (PAR) as required below. The type of form depends on the number of cost objectives that an employee works on.

A cost objective is a program, function, activity, award, organizational subdivision, contract, or work unit of which cost data are described and from which provision is made to accumulate and measure the cost of processes, products, jobs, capital projects, etc. 2 C.F.R. § 200.28.

All employees who work on a single cost objective must complete a semi-annual certification. The semi-annual certification must be:

1. Completed at least every six (6) months;
2. Be signed by the employee or the supervisor with direct knowledge of the work being performed;
3. Reflect an after-the-fact distribution of the actual activity; and
4. Account for the total activity for which each employee is compensated.

All employees who work on multiple cost objectives must complete PARs that support the distribution of their salaries /wages that meet the following standards:

1. Reflect an after-the-fact distribution of the actual activity;
2. Account for the total activity for which each employee is compensated;
3. Are prepared at least monthly & coincide with one or more pay periods; and
4. Are signed by the employee.

A Title I Instructional Account Log is maintained by appropriate employees on a monthly basis. The log is submitted to the Assistant Superintendent of Academic Education. The CFO reviews the allocation of time between the log and the payroll allocation and makes appropriate adjustments to the accounting system in December and in June.

### ***Reconciliation and Closeout Procedures***

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.

If using budget estimates for interim accounting purposes, EDGAR requires recipients to identify and enter into the records in a timely manner any significant changes in the corresponding work activity. Additionally, the recipient must have a system of internal controls to review after-the-fact interim charges made to a federal award based on budget estimates. All necessary adjustments must be made such that the final amount charged to the federal award is accurate, allowable, and properly allocated.

The Senior Accountant or CFO prepares a monthly Statement of Expenditures to actual budget comparison. The statement is presented to the Cabinet members to the school board members for review. This is done monthly.

All department budgets are reconciled monthly between Skyward and ePlan. All time and effort certifications are reviewed bi-annually for accuracy and appropriate signatures and dates.

A Final Expenditure Report (FER) is completed by the Program Director, and approved by both the CFO and the Superintendent.

### ***Employee Exits***

Any employee would be required to submit his/her final certification to the Assistant Superintendent of Academic Education/Exceptional Student Education upon termination of employment with GMSD.

### **B. Human Resources Policies**

GMSD shall have human resource policies which at least cover (1) how employees are hired (2 C.F.R. § 200.430(a)(2)); (2) the extent to which employees may provide professional services outside GMSD (2 C.F.R. § 200.430(c)); (3) the provision of fringe benefits, including leave and insurance, (2 C.F.R. § 200.431)); (4) the use of recruiting expenses to attract personnel (2 C.F.R. § 200.463(b)); and (5) reimbursement for relocations costs. 2 C.F.R. § 200.464.

See GMSD website: [www.gmsdk12.org](http://www.gmsdk12.org), HR 5.102 Professional Employment, HR 5.601 Conflict of Interest, HR 5.302 Certificated Employee Sick Leave, HR 5.310 Vacation and Holidays, and SS 3.6001, Fringe Benefits. GMSD does not reimburse for relocations costs.

For recruiting staff, the following procedures apply and is documented in ePlan:

#### **Highly Qualified & Effective Teachers**

Recruit, retain, and evaluate teachers.

The Germantown Municipal School District is committed to recruiting and retaining talented and competitive educators, which exemplify diversity, knowledge, and professionalism. Recruitment practices include participating in fall and spring career fairs with regional colleges and universities. In addition, open positions are posted on the GMSD website using the SearchSoft program.

Providing leadership and growth opportunities for teachers has been an effective way for GMSD to retain educators. Each GMSD school has a Master Teacher who assists with conducting teacher

evaluations as well as offers support to new and struggling veteran teachers. In addition, each school is equipped with a “Lead Team” that consists of educators fulfilling specific roles such as Instructional Lead, Data Lead, Professional Development Lead, and Exceptional Student’s Lead. Teachers are selected for these roles based on their success in the classroom. A Lead Librarian and Counselor are selected to serve all GMSD schools. Stipends are provided for these teachers as compensation.

All GMSD schools have active Professional Learning Communities, which help to cultivate collaboration. Careful planning of master schedules allows for teachers to work with grade level/content peers. As a result of PLC’s, GMSD educators are given time to collaborate, reflect, and develop plans to improve their teaching practices, which helps to assist in sustaining our most effective educators.

The State of Tennessee approved TEAM Evaluation Model is the tool used to evaluate GMSD teachers. Teachers are evaluated on three main components: planning, instruction, and environment. Evaluation tracks are assigned to teachers based on their overall evaluation score from the previous year. New Teachers & Level 1 Teachers are required to participate in an initial coaching conversation as well as two announced and two unannounced evaluations. Apprentice/Professional Level 2 Teachers are required to complete a walkthrough evaluation as well as two announced and two unannounced evaluations. Apprentice/Professional Level 3-4 Teachers are required to complete a walkthrough evaluation as well as one announced and one unannounced evaluation. Apprentice/Professional Level 5 Teachers are required to complete a walkthrough evaluation as well as one unannounced evaluation. In addition, all teachers are required to complete a professionalism evaluation at the end of the school year.

Teacher retention begins by assessing feedback provided by survey results, exit interviews, and employee relations focus group meetings. We also provide salary step increases with educational lanes up to 18 years of service. In addition, we celebrate those teachers who receive tenure, provide professional development personalization meetings with new teachers, and recognize teachers of the year. Lastly, professional development hours are now required in an effort to have teachers learn from experts and each other as they develop their crafts and become more confident as professionals.

## VI. Record Keeping

### A. Record Retention

GMSD maintains all records that fully show (1) the amount of funds under the grant or subgrant; (2) how the subgrantee 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. GMSD 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.

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, GMSD 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.

See GMSD website: [www.gmsdk12.org](http://www.gmsdk12.org), SBO 1.407, School Board Records

#### B. Collection and Transmission of Records

See GMSD website: [www.gmsdk12.org](http://www.gmsdk12.org), SBO 1.407, School Board Records

#### C. Access to Records

GMSD 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 GMSD 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 GMSD's personnel for the purpose of interview and discussion related to such documents.

#### D. Privacy

See GMSD website: [www.gmsdk12.org](http://www.gmsdk12.org), SP 6.600, Student Records; HR 5.114, Personnel Records

## VII. Subrecipient Monitoring

In the event that GMSD awards subgrants to other entities, it is responsible for monitoring those grant subrecipients 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 subgrant must have its own monitoring policy. This policy must ensure that any monitoring findings are corrected.

GMSD does not award subgrants to other entities

## VIII. 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 C.F.R. Part 200)
  - <http://www.eC.F.R..gov/cgi-bin/text-idx?SID=ccccf77e01c9e6d4b3a377815f411704&node=pt2.1.200&rgn=div5>
  -
- USDE's Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (2 C.F.R. Part 3474)
  - [http://www.eC.F.R..gov/cgi-bin/text-idx?SID=ccccf77e01c9e6d4b3a377815f411704&tpl=/eC.F.R.browse/Title02/2C.F.R.3474\\_main\\_02.tpl](http://www.eC.F.R..gov/cgi-bin/text-idx?SID=ccccf77e01c9e6d4b3a377815f411704&tpl=/eC.F.R.browse/Title02/2C.F.R.3474_main_02.tpl)
- Federal program statutes, regulations, and guidance
  - <http://www.ed.gov/>
- State regulations, rules, and policies
  - TN State Board of Education Rules and Regulations
    - [http://www.tn.gov/sbe/rul\\_reg.shtml](http://www.tn.gov/sbe/rul_reg.shtml)
  - TN State Board of Education Policies, Standards, and Guidelines
    - <http://www.tn.gov/sbe/policies.shtml>
- District regulations, rules, and policies
  - See GMSD website at [www.gmsdk12.org](http://www.gmsdk12.org), Policies
- Organizational Chart
  - See GMSD website at [www.gmsdk12.org](http://www.gmsdk12.org), Departments