

FUNDS FROM STATE/FEDERAL TAX SOURCES

The following procedures will be observed with respect to federal and state grant accounting and controls:

1. Grant Acceptance

Projects are formally established upon receipt of funding agency approval and upon acceptance of the grant by the Board.

2. Grant Implementation on Receipt of Moneys

Proper accounting does not allow the district to enter into any obligation (signing of contracts, orders, etc.) before approval of a grant is received from the grantor agency.

3. Reallocation of Funds: Written Authorization

There will be no shifting of funds by budget or line item without proper authorization from the grant administrator and by the federal/state authority, if necessary.

4. Accounting Requirements, Terms, Procedures

Each project shall be segregated by the books of account. This should consist of:

a. Grant appropriation showing:

- (1) Total project balance
- (2) Revenues
- (3) Expenditures
- (4) Total encumbrances

b. Account appropriation, by line item amounts or approved items, showing:

- (1) Total encumbered
- (2) Total expended
- (3) Account balance

An encumbrance is the total amount of a purchase order and reduces the budget balance by that amount. An expenditure can be either cash paid out for all or any part of an encumbrance, thereby reducing the encumbered balance; or an expenditure can be cash paid out for an item that is not encumbered, thus reducing the budget balance. Cancellation of all or part of a purchase order that has been entered, as an encumbrance should be so applied in the encumbrance column.

5. Procurement

Receipt of federal funds requires the district to adhere to the Rules and Regulations established and documented in the Office of Management and Budget Cost Principles, Audit Requirements and Administrative Guidance Policies with respect to procurement procedures. Such rules and regulations include, but are not limited to, the following areas:

- a. Attempts to solicit bids from small, minority, women's and labor surplus area businesses
- b. Non-discrimination on the basis of race, color, religion, gender, national origin, age or handicapped status in the admission, access or appointment to, or treatment or employment in, district programs or activities

- c. Recipient responsibility to use sound business judgment and good administrative practice
- d. Limitation of sub-agreement awards
- e. Open and free competition
- f. All other related requirements to projects associated with federal assistance agreements and/or grants.
- g. No bids shall be accepted from disqualified vendors, as defined by either the district or the grantor agency.

6. Final Accounting

Final accounting reports on a project will be filed with the appropriate grantor agency by the Financial Services Department.

7. Records Management

Federal law dictates that "the grantee shall keep intact and accessible records relating to the receipt and expenditure of federal funds (and to the expenditure of the recipient's contribution to the cost of the project, if any) in accordance with section 434(a) of the General Education Provisions Act, including all accounting records and related original and supporting documents that substantiate direct and indirect costs charged to the grant."

8. Grant Review

All projects shall be reviewed by the Financial Services Department to determine, at a minimum, the fiscal integrity of financial transactions and reports, and compliance with the laws, rules and regulations.

Adopted August 4, 1993