

1 **Great Falls School District**

2
3 **FINANCIAL MANAGEMENT**

7341

4
5 **Administration of Federal Funds - Type of Costs, Obligations and Property Management**

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7 The district establishes and maintains Board policies, administrative regulations and procedures
8 on administration of federal funds in federal programs as required by the office of Management
9 and Budgets Uniform Grant Guidance and other federal, state and local laws, regulations and
10 requirements. The district's financial management system includes internal controls and grant
11 management standards in the following areas.

12
13 **Direct and Indirect Costs**

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15 **Direct costs** – costs that can be identified specifically with a particular final cost objective, such
16 as a federal award, or other internally or externally funded activity, or that can be directly
17 assigned to such activities relatively easily with a high degree of accuracy.

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19 **Indirect costs** – costs incurred for a common or joint purpose benefiting more than one (1) cost
20 objective, and not readily assignable to the cost objectives specifically benefitted, without effort
21 disproportionate to the results achieved.

22
23 Costs incurred for the same purpose in like circumstances must be treated consistently as either
24 direct or indirect costs. (2 CFR Sec. 200.405, 200.413)

25
26 Identification with the federal award rather than the nature of the goods and services involved is
27 the determining factor in distinguishing direct from indirect costs.

28
29 Direct and indirect costs shall be determined in accordance with law, regulations, the terms and
30 conditions of the federal award, and the district's negotiated indirect cost rate.

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32 The district shall utilize an indirect cost rate that adheres to a district developed cost allocation
33 plan in accordance with law, regulations and the terms and conditions of the federal award.

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35 **Timely Obligation of Funds**

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37 **Obligations** – orders placed for property and services, contracts and subawards made, and
38 similar transactions during a given period that require payment by the district during the same or
39 a future period.

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1 The following table illustrates when funds must be obligated under federal regulations:
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Obligation is for:	Obligation is made:
Acquisition of property	On the date on which the district makes a binding written commitment to acquire the property
Personal services by a district employee	When the services are performed
Personal services by a contractor who is not a district employee	On the date on 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 occurs
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

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 4 All obligations must occur between the beginning and ending dates of the federal award project,
 5 which is known as the period of performance. The period of performance is dictated by law and
 6 regulations and will be indicated in the federal award. Specific requirements for carryover funds
 7 may be specified in the federal award and must be adhered to by the district. (2 CFR Sec. 200.77,
 8 200.309)

9
 10 The district will handle obligations and carry over of state-administered and direct grants in
 11 accordance with state and federal law and regulations, and the terms and conditions of the federal
 12 award. Carryover will be calculated and documented by the Director of Student Services.

13
 14 The district may exercise an extension of the period of performance under a direct grant in
 15 accordance with law, regulations and the terms and conditions of the federal award when written
 16 notice is provided to the federal awarding agency at least ten (10) calendar days prior to the end
 17 of the period of performance. (2 CFR Sec. 200.308(d)(2))

18
 19 The Director of Student Services will decide when an extension of the period of performance is
 20 necessary and will recommend that the Superintendent and the Director of Business Operations
 21 approve this process.
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1 The Director of Student Services will develop the required written notice, including the reasons
2 for the extension and revised period of performance; the notice will be issued no later than ten
3 (10) calendar days prior to the end of the currently documented period of performance in the
4 federal award.

5
6 The district must seek approval from the federal awarding agency for an extension of the period
7 of performance when the extension is not contrary to federal law or regulations, and the
8 following conditions apply:

- 9
10 1. The terms and conditions of the federal award prohibit the extension;
11 2. The extension requires additional federal funds; or
12 3. The extension involves any change in the approved objectives or scope of the project. (2 CFR
13 Sec. §200.308)

14
15 The Director of Student Services will determine when an extension must be requested for
16 approval by the federal awarding agency, draft the written request and notify the Superintendent
17 and the Director of Business Operations of the requested extension.

18
19 **Management of Property Acquired With Federal Funds**

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21 **Contract and Purchasing Administration**

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23 The district maintains internal controls, administrative regulations and procedures to ensure that
24 contractors deliver goods and services in accordance with the terms, conditions and
25 specifications of the designated contract, purchase order or requisition.

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27 **Property Classifications**

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29 Property shall be classified as **equipment, supplies, computing devices and capital assets** as
30 defined and specified in accordance with law, regulations and Board policy.

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32 **Inventory Control/Management**

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34 All property purchased with federal funds, with a cost greater than \$5,000, will be inventoried.
35 All property placed in private non-public settings will be inventoried regardless of cost.

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37 Inventory will be received by the department or program requesting the item. Designated staff
38 will inspect the property, compare it to the applicable purchase order or requisition, and ensure it
39 is appropriately logged and tagged in the district's property management system.

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41 Items acquired will be physically labeled with reference to source of funding and acquisition
42 date.

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1 Inventory records of equipment and computing devices must be current and available for review
2 and audit, and include the following information:

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- 4 1. Description of the item, including any manufacturer's model number.
- 5 2. Manufacturer's serial number or other identification number.
- 6 3. Identification of funding source.
- 7 4. Acquisition date and unit cost.
- 8 5. Source of items, such as company name.
- 9 6. Percentage of federal funds used in the purchase.
- 10 7. Present location, use, condition of item, and date information was reported.
- 11 8. Pertinent information on the ultimate transfer, replacement or disposition of the item and sale
12 price of the property.
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14 Inventory will be updated as items are sold, lost or stolen, or cannot be repaired, and new items
15 are purchased.

17 **Physical Inventory**

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19 Physical inventory of property with a cost greater than \$5,000 will be completed by designated
20 district staff in accordance with applicable federal and state law and regulation and Board policy.
21 The physical inventory of items will be conducted annually, and the results will be reconciled
22 with the inventory records and reported to the federal awarding agency.

24 **Maintenance**

25
26 The district establishes adequate maintenance procedures to ensure that property is maintained in
27 good condition in accordance with law, regulation and Board policy.

29 **Safeguards**

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31 The district ensures that adequate safeguards are in place to prevent loss, damage or theft of
32 property:

- 33
- 34 1. Any loss, damage or theft will be reported to the Director of Business Operations, and the
35 Director of Student Services, and investigated and fully documented, and may be reported to
36 local law enforcement.
- 37 2. If stolen items are not recovered, the district will submit copies of the investigative report and
38 insurance claim to the federal awarding agency.
- 39 3. The district may be responsible for replacing or repairing lost, damaged, destroyed or stolen
40 items.
- 41 4. Replaced equipment is property of the originally funded program and should be inventoried
42 accordingly.
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1 5. District property may only be loaned in accordance with Board policy and administrative
2 regulations.

3 4 **Disposition of Property Acquired with Federal Funds**

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6 When the district determines that real property, including land, land improvements structures and
7 accessories thereto, acquired under a federal award is no longer needed for the originally
8 authorized purpose, the district must obtain disposition instructions from the federal awarding
9 agency or pass-through entity administering the program, in accordance with applicable law and
10 regulations. (2 CFR Sec. 200.311)

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12 When the district determines that equipment or supplies acquired under a federal award are no
13 longer needed for the original project or program or for other activities currently or previously
14 supported by a federal awarding agency, the Director of Student Services will contact the federal
15 awarding agency or pass-through entity administering the program to obtain disposition
16 instructions, based on the fair market value of the equipment or supplies.

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18 Generally, items with a fair market value of \$5,000 or less that are no longer effective may be
19 retained, sold, purged, or transferred to the district. For items with a fair market value greater
20 than \$5,000, the federal awarding agency is entitled to the federal share of the current market
21 value or sales proceeds.

22
23 If the district will be replacing the equipment or supplies, the district may use the existing
24 equipment or supplies as a trade-in or sell the property and use the proceeds to offset the cost of
25 the replacement property.

26
27 The Director of Student Services will be responsible for contacting the federal awarding agency
28 and determining the process for disposition of equipment or supplies.

29
30 The district may use the following methods in disposing of unnecessary equipment or supplies
31 acquired with federal funds:

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- 33 • Public auction and/or online sale – generally conducted by a licensed auctioneer.
 - 34 • Salvage – scrap sold to local dealers.
 - 35 • Sealed bid – normally used for items of substantial value or unique qualities.
 - 36 • Pre-priced sale – large quantities of obsolete or surplus equipment or supplies may be
37 sold by this method.
 - 38 • Donation to charitable organizations, for equipment or supplies with little to no value.
 - 39 • Disposition to trash for equipment or supplies with no value.
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41 The Director of Business Operations and the Director of Student Services will be responsible for
42 maintaining records of obsolete and surplus property disposed of, and will report to the federal
43 awarding agency when required.

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Legal Reference:

- 2 CFR Sec. 200.311
- 2 CFR Sec. 200.405, 200.413
- 2 CFR Sec. 200.77, 200.309
- 2 CFR Sec. 200.308(d)(2)
- 2 CFR Sec. §200.308

Policy History:

Adopted on: September 24, 2018