



Pennsylvania
Department of Education

LEA Federal Education
Grants Management Policies and Procedures

AP 626

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Introduction

This manual sets forth the policies and procedures used by Spring Grove Area School District (the LEA) to administer Federal funds. The manual contains the internal controls and grant management standards used by the LEA to ensure that all Federal funds are lawfully expended in accordance with 2 C.F.R. Part 200 (Uniform Grants Guidance or UGG) and the Education Department General Administrative Regulations (EDGAR). New employees of the LEA, as well as incumbent employees, are expected to review this manual to gain familiarity and understanding of the LEA's rules and practices.

I. Financial Management System

The LEA 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(b). The required standards include:

Identification

The LEA 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 Assistance Listings (formerly referred to as the CFDA) title and number, Federal award identification number, year the Federal award was issued, and name of the Federal agency or pass-through entity.

Financial Reporting

Accurate, current, and complete disclosure of the financial results of each Federal award or program must be made in accordance with the financial reporting requirements in 2 C.F.R. §§ 200.328–329 and in EDGAR.

Accounting Records

The LEA must maintain records that sufficiently identify the amount, source, and expenditure of Federal funds for Federal awards. These records must contain information necessary to identify Federal awards, subgrant awards, authorizations, financial obligations, unobligated balances, as well as assets, expenditures, income, and interest. All records must be supported by source documentation.

Internal Controls

The LEA must maintain effective control over and accountability for all funds, property, and assets. The LEA must safeguard all assets and ensure they are 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
- Compliance with applicable laws and regulations
- Prompt action is taken when instances of noncompliance are identified
- There are reasonable cybersecurity and other measures to safeguard information including protected personally identifiable information (PII) and other types of information. This also includes information the Federal agency or pass-through entity designates as sensitive or other information the LEA considers consistent with applicable privacy laws

Budget Control

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

Cash Management

The LEA must maintain written procedures to implement the cash management requirements found in 2 C.F.R. § 200.305 and in EDGAR. These procedures are included within this manual.

Allowable Costs

The LEA must maintain written procedures for determining allowability of costs in accordance with the terms and conditions of the award. The LEA uses this manual to demonstrate how it will ensure the allowability of costs.

B. Overview of the Financial Management/Accounting System

The district’s financial management/accounting system is Skyward. Skyward is a comprehensive package offering tools for all-inclusive tracking, storing, and reporting of Fund Accounting data, accounts receivable and payable, purchase orders and budget preparation. The budget is entered into the accounting system at the beginning of each fiscal year following presentation at the May Board meeting. Federal programs are distinguished by their funding source code.

Throughout the UGG document, the Assistant Superintendent is referenced as the position that is primarily responsible for the administration of federal programs. According to Policy 626 – Federal Fiscal Compliance, the Federal Programs Coordinator is the designated contact for federal programs. As the Superintendent’s designee, the Assistant Superintendent works with and through the Federal Programs Coordinator to administer and manage federal grant programs.

The Business Manager is responsible for overseeing all accounting functions.

The Assistant Business Manager is responsible for compiling timely and accurate financial reports, subject to the Business Manager review and approval. The reports are prepared and submitted as

specified by the financial reporting clause of each grant or contract award document. These reports include monthly and cumulative expenditures, project budgets, and a balance remaining column.

C. Budgeting

The Budget Process

Expenditures must be aligned with approved budgeted items.

The Planning Phase: Meetings and Discussions

Before Receiving the Grant Award Notice (GAN): The Assistant Business Manager meets with the Assistant Superintendent and the Federal Program Coordinator who is responsible for the program side of the grant award and discuss the type of funding and what costs will be covered with the funds.

Reviewing and Approving the Budget: It is the responsibility of the Assistant Superintendent, Federal Program Coordinator, and the Business Office contact to read and understand the requirements of the request for proposal. Care is taken to capture all needs while considering the parameters of the request for proposal. The Manual of Accounting and Financial Reporting for PA Public Schools is consulted for appropriate account codes.

Planning the budget is done in a manner that supports required documentation and future reporting is considered using funding sources for tracking purposes. The signature of the Superintendent is obtained when required. Care is taken to complete these steps and submit the application prior to the due date shown in the request for proposal.

After Receiving the Grant Award Notice

Once the grant is awarded, the planning budget is revised if necessary to match the amount of the contract. Objectives may need to be adjusted if the funded amount does not meet the original plans. The completed budget is presented to the board for approval as part of the district's total budget, if available.

Expenditures cannot occur until the signed paperwork is received from the grantor and the budget has been approved by the district board. The approved budget is entered into the accounting system as part of the district's total budget.

Each project is assigned a funding source code which keeps the project's expenditures and revenue separate from other programs in the accounting system. All account codes for the project contain that funding source number and are created after the budget is approved with a start date matching that of the contract. The accounting system tracks the major type of funding, the expenses and revenue as well as related balance sheet accounts. Certain expenses are allocated and booked monthly according to the established allocation methods.

All expenditures are reviewed by both the Assistant Business Manager and Federal Program Coordinator for allowability using the grant guidelines as well as the District's guidelines. If, at any time, an expenditure is discovered to be unallowable after being incurred, alternative funding from non-grant sources will be determined. The level of effort of program staff is first estimated

by the Federal Program Coordinator and Assistant Superintendent and adjusted based on actual time and effort records. The time and effort records show the percentage of each staff's time spent on specific projects. Salary, benefits, and staff costs are charged using this information.

Amending the Budget

Any changes or variations from the State-approved budget and grant application need prior approval from the State. 2 C.F.R. § 200.308 and 2 C.F.R. § 200.329. When required, the LEA ensures it obtains timely budget amendments.

Immediately upon discovery of a change in spending or project plans, the Assistant Business Manager, with the Federal Program Coordinator, will determine if a budget amendment or revision is required based on the grant guidelines. Grant guidelines typically outline allowable variances between budget and actual expenditures and due dates for revisions. The Assistant Business Manager will project expenditures based on current project activities and submit the changes according to instructions. Any revision or amendment is approved by the Federal Program Coordinator and the Assistant Business Manager before submission.

Budget Control

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

During the life of a grant, communication between the program staff and the business office is key. Program review meetings covering current status, projections, and project plans are held periodically. It is the responsibility of the program staff to ensure that the objectives and deliverables of the grant are met and to coordinate the delivery of services to students. Any interim fiscal reporting is prepared by the Assistant Business Manager based on the general ledger.

Any required final reporting is prepared by the Assistant Business Manager and approved by the Federal Program Coordinator and the Superintendent before submission. Any final narrative or project deliverables are prepared by the Federal Program Coordinator and approved by the Superintendent before submission. All funds must be obligated before the ending date of the grant. Any unused funds are returned to the grantor based on the grant guidelines.

Grant funds will be obligated, expended, and accounted for in an environment based on ethical principles and sound business practices.

D. Accounting Records

Federal regulations require grantees to use fiscal control and fund accounting procedures that ensure proper disbursement of and accounting for federal funds (34 C.F.R. 76.702).

The district's accounting records are on a modified accrual basis and are in compliance with generally accepted accounting principles (GAAP).

The district uses accounting software called Skyward. Each project is distinguished by the funding source code it is assigned based on the type of Federal funding it is and is associated with all codes for a given project for the fiscal year.

All account codes follow the Manual of Accounting and Financial Reporting for PA Public Schools and its Chart of Accounts.

The Assistant Business Manager is responsible for maintaining the general ledger codes. Skyward stores information such as start and end dates, allocation rates, current budgets and revised budgets, expenditures, revenues, balance sheet accounts, encumbered purchase orders and pre-encumbered purchase orders.

An electronic purchase order system (Skyward), which automatically numbers and controls purchase orders and administrative approval levels, must be utilized. Every purchase of a product or service made on behalf of the district must be made by entering a requisition, issued by authority of the appropriate district staff member through Skyward, with final approval by the Business Manager. Once a purchase order is approved, payment can be made without further approvals provided the work or receipt of materials are documented and an invoice is received.

The Business Office maintains original source documentation to support all expenditures recorded in the general ledger including, but not limited to, purchase orders, invoices, itemized receipts, travel vouchers, contracts, proof of delivery, etc. This documentation may be electronic or on paper. Travel deemed necessary to the objectives of the grant is reimbursed at cost, at pre-approved levels. Mileage is reimbursed at the current IRS rate per mile.

The district issues a limited number of purchase cards to certain staff members. Before a card is issued, the staff member must sign an "Employee Usage Agreement," which outlines the responsibility of the cardholder. Purchases made using these cards are not preapproved before any purchase occurs, however there are single purchase limits as well as monthly limits for purchases. When purchases are made, original receipts are given to the Business Office with their monthly statement showing appropriate account codes. The control of cards and record keeping for them is handled by the business office staff.

E. Spending Grant Funds

Direct and Indirect Costs

All costs charged to a Federal grant are either direct or indirect costs. There is no universal rule for classifying certain costs as direct or indirect costs. A cost may be direct for some specific service or function but indirect for the Federal award or other final cost objective. Therefore, it is essential that each item of cost incurred for the same purpose in like circumstances must be treated consistently as either a direct or indirect cost to avoid possible double charging of Federal awards. 2 C.F.R. § 200.412.

Direct costs: 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). Direct costs are generally allowable if they are part of the program budget and satisfy the Uniform Grants Guidance cost principles. Typical costs charged directly to a Federal award are the supplies needed to achieve the award's objectives and the proportion of employee compensation and fringe benefits expended in relation to that specific award. 2 C.F.R. § 200.413(b).

Indirect costs: Costs 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 benefited, without effort disproportionate to the results achieved. 2 C.F.R. § 200.1 (*Indirect Cost*). Generally, these costs cannot be directly assigned or allocated to one specific project because they support multiple projects. Consistent with the Uniform Grants Guidance, these costs are sometimes classified as "facilities and administration" costs (F&A costs).

Administrative and clerical staff salaries should normally be treated as indirect costs. Direct charging of these costs may be appropriate only if they meet all of the following:

- The administrative or clerical services are integral to a Federal award;
- Individuals involved can be specifically identified with the Federal award; and
- The costs are not also recovered as indirect costs. 2 C.F.R. § 200.413(c).

Indirect Cost Rate: A LEA can have two indirect cost rates: an unrestricted rate and a restricted rate. The unrestricted indirect cost rate is calculated for use on programs without limitations on indirect costs. An unrestricted indirect cost rate is calculated in accordance with 2 C.F.R. Part 200. However, certain U.S. Department of Education (ED) grant programs have a statutory requirement prohibiting the use of Federal funds to supplant non-Federal (or sometimes other Federal) funds. These programs require the use of a restricted indirect cost rate, computed in accordance with 34 C.F.R. §§ 76.564–76.569. The formula limits the general management costs that can be included in the indirect cost pool (numerator) and requires adjustments to the MTDC base (denominator). Generally, adjustments to the unrestricted rate calculation are made and result in a lower rate to claim indirect cost reimbursement on restricted rate programs. (ED Guidance, September 2009, available at <https://www2.ed.gov/about/offices/list/ocfo/fipao/guideigcwebsite.pdf>.)

The LEA utilizes an unrestricted indirect cost rate.

Applying the Indirect Cost Rate: Once the LEA 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 \$50,000, 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. 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

When determining how the LEA will spend its grant funds, Business Manager and the Federal Programs Coordinator 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 and 2 C.F.R. Part 200, which are provided in the bulleted list below. The Business Manager must consider these factors when making an allowability determination.

- *Necessary and Reasonable for the performance of the Federal award.* LEA staff must consider these elements when determining the reasonableness of a cost. A cost is reasonable if it does not exceed an amount that a prudent person would incur under the circumstances prevailing when the decision was made to incur the cost. For example, reasonable means that sound business practices were followed, and purchases were comparable to market prices.

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.

- *Allocable to the Federal award.* A cost is allocable to a Federal award or other cost objective if the cost is assignable to the Federal award or other cost objective in accordance with the relative benefits received. This means that the Federal grant program derived a benefit in proportion to the funds charged to the program. This standard is met if the cost satisfies any of the following criteria:
 - Is incurred specifically for the Federal award
 - Benefits both the Federal award and other work of the LEA and can be distributed in proportions that may be approximated using reasonable methods; or
 - Is necessary to the overall operation of the LEA and is assignable in part to the Federal award in accordance with the cost principles in the Uniform Grants Guidance. 2 C.F.R. § 200.405.
- *Consistent with policies and procedures that apply uniformly to both Federally-financed and other activities of the LEA.*
- *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 LEA 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 transactions that offset or reduce direct or indirect costs 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 LEA 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.
- *Administrative Closeout Costs.* Administrative closeout costs may be incurred until the due date of the final report(s). If incurred, these costs must be liquidated prior to the due date of the final report(s) and charged to the final budget period of the award unless otherwise specified by the Federal agency. All other costs must be incurred during the approved budget period.

Part 200’s cost guidelines must be considered when Federal grant funds are expended. As provided above, Federal rules require State and LEA-level requirements and policies regarding expenditures to be followed as well. The LEA follows all applicable state laws and local requirements related to travel, procurement, cost allowability, and documentation. Federal regulations do not provide guidance on these items; therefore, the LEA follows state and local policies when federal rules are silent. The LEA also adheres to its Board-approved Travel and Expense Reimbursement Policy (Policy # 626.1), which outlines specific local requirements for expense documentation, reimbursement rates, credit/reward point usage, and other administrative expectations. Additional information is provided in the Selected Items of Cost section below

Selected Items of Cost

Part 200 examines the allowability of 56 specific cost items (commonly referred to as Selected Items of Cost) at 2 C.F.R. §§ 200.420–200.476. These cost items are listed in the chart below along with the citation where it is discussed whether the item is allowable.

LEA personnel responsible for spending Federal grant funds and for determining allowability must be familiar with the Part 200 selected items of cost section. The LEA must follow these rules when charging these specific expenditures to a Federal grant. When applicable, LEA staff must check costs against the selected items of cost requirements to ensure the cost is allowable. In addition, State, LEA, and program-specific rules may deem a cost as unallowable and LEA personnel must follow those non-Federal rules as well.

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

Item of Cost	Citation of Allowability Rule
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Advertising and public relations	2 C.F.R. § 200.421
Advisory councils	2 C.F.R. § 200.422
Alcoholic beverages	2 C.F.R. § 200.423
Alumni 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
Collections 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 and prizes	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
Fundraising and investment management costs	2 C.F.R. § 200.442
Gains and losses on the disposition of depreciable assets	2 C.F.R. § 200.443
General costs of government	2 C.F.R. § 200.444
Goods or 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 service 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 reversion 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, student aid costs, and tuition remission	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
Telecommunications and video surveillance costs	2 C.F.R. § 200.471
Termination and standard closeout costs	2 C.F.R. § 200.472
Training and education costs	2 C.F.R. § 200.473
Transportation costs	2 C.F.R. § 200.474
Travel costs	2 C.F.R. § 200.475
Trustees	2 C.F.R. § 200.476

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. It is also possible for the State and/or LEA to put additional requirements on a specific item of cost. Under such circumstances, the more restrictive requirements must be met for a cost to be allowable. If an item is unallowable for any of these reasons, Federal funds cannot be used to purchase it.

Additionally, 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.

Therefore, employees must consult the specific grant requirements, as well as applicable Federal, State, and LEA requirements when spending Federal funds to ensure all costs are allowable.

Frequently Asked Costs

The State and/or LEA rules related to some specific cost items are discussed below. LEA employees must be aware of these State and LEA rules and ensure they are complying with these requirements.

Travel: Travel costs include the transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of a grant recipient. These costs may be charged on an actual cost basis, on a per diem or mileage basis, or on a combination of the two, provided the method used is applied to an entire trip and not selected days of the trip. The method used must be consistent with those normally allowed in like circumstances in the LEA's other activities and in accordance with the LEA's established written policies. 2 C.F.R. § 200.475(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 the LEA in its regular operations as the result of its established written policy. In addition, if these costs are charged directly to the Federal award, documentation must justify that (1) participation of the individual is necessary for the Federal award; and (2) the costs are reasonable and consistent with the LEA's established written policy. 2 C.F.R. § 200.475(b).

The LEA maintains written travel policies that ensure travel costs are allowable under federal, state, and local requirements. All travel expectations—including single-day travel, overnight travel, out-of-state travel, reimbursable expenses, and required documentation—are governed by Board Policy 626.1 (Travel Reimbursement – Federal Funds⁹) and Administrative Regulation 331 (Job Related Expenses). Readers should refer to these governing documents for the LEA's complete travel procedures and requirements.

Participant Support Costs: The LEA classifies the following as participant support costs, pursuant to 2 C.F.R. § 200.456. Participant support costs are treated consistently across Federal and non-Federal awards.

The LEA classifies participant support costs as allowable expenses necessary to enable non-LEA participants to engage in grant-funded training or program activities. Participant support costs may include registration fees for approved conferences or workshops, travel costs incurred by participants, and meals that are not otherwise provided as part of the event.

F. Federal Cash Management Policy/Procedures

The LEA can receive Federal grant funds in two ways, through a reimbursement process or from an advance of funds. Both are further described below.

Payment Methods

Reimbursements: Generally, the LEA receives payment from the Pennsylvania Department of Education (PDE) on a reimbursement basis. 2 C.F.R. § 200.305. That means that the LEA will initially charge Federal grant expenditures to non-Federal funds and then seek a reimbursement of those expenditures.

The Business Manager or designee will request reimbursement for actual expenditures incurred under the federal grants quarterly or in accordance with the grant requirements. Reimbursement requests will be submitted on the Reconciliation of Cash on Hand form on the PDE's Financial Accounting Information (FAI) system. All reimbursements are based on actual disbursements, not on obligations.

The Pennsylvania Department of Education will process reimbursement requests.

Consistent with state and federal requirements, the district will maintain source documentation supporting the federal expenditures (invoices, time sheets, payroll stubs, etc.) and will make such documentation available for the PDE’s review upon request.

Reimbursements of actual expenditures do not require interest calculations.

Advances: The LEA will comply with applicable methods and procedures for payment that minimize the time elapsing between the transfer of funds and disbursement by the LEA, in accordance with the Cash Management Improvement Act at 31 C.F.R. Part 205. Generally, it is considered a best practice to expend Federal funds within 72 hours of receipt.

The LEA will hold Federal advance payments in interest-bearing accounts, unless an allowable exception applies. 2 C.F.R. § 200.305(b)(10)–(11). The LEA will calculate interest earned on cash balances after funds are deposited into the LEA’s account. The LEA may retain interest amounts up to \$500 per year for administrative expenses. 2 C.F.R. § 200.305(b)(12). If the interest exceeds \$500 per year, the LEA will remit that additional interest earned annually to the U.S. Department of Health and Human Services (HHS) Payment Management System (PMS) in accordance with 2 C.F.R. § 200.305(b)(10)–(12).

G. Timely Obligation of Funds

When Obligations are Made

Financial obligations mean orders placed for property and services, contracts and subawards made, and similar transactions that require payment under a Federal award that will result in expenditures by a recipient or subrecipient under a Federal award. 2 C.F.R. § 200.1 (*Financial obligations*).

The following table illustrates when funds are determined to be obligated under Federal regulations:

If the obligation is for:	The obligation is made:
Acquisition of property	On the date which the LEA makes a binding written commitment to acquire the property
Personal services by an employee of the LEA	When the services are performed
Personal services by a contractor who is not an employee of the LEA	On the date which the LEA makes a binding written commitment to obtain the services
Public utility services	When the LEA receives the services
Travel	When the travel is taken
Rental of property	When the LEA 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 grant or subgrant period of performance.

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

Period of Availability of Federal Funds

All financial obligations must occur on or between the beginning and ending dates of the grant project. 34 C.F.R. § 76.707. This time interval between the start and end date of a Federal award is known as the period of performance. 2 C.F.R. § 200.1 (*Period of performance*). The period of performance consists of either one, or many, funded portions or budget periods during which the LEA is authorized to spend award funds. Therefore, for a cost to be allowable, it must be incurred/obligated in the appropriate budget period. The period of performance and budget period are indicated in the Federal award. 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 for which Congress appropriates the funds. However, given the unique nature of educational institutions, for many Federal education grants, the period of availability is 27 months. Federal education grant funds are typically awarded on July 1 of each year. While the LEA 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, 2024, would remain available for obligation through September 30, 2026.

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

Closeout

The LEA must submit all reports (financial, performance, and other reports required by the subaward) to the Pennsylvania Department of Education and liquidate all financial 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. § 200.344(c). When justified, the Federal agency or pass-through may approve extensions for the LEA. 2 C.F.R. § 200.344(b) and (c). Any funds not obligated within the period of availability or liquidated within the appropriate time frame are said to lapse and must be returned to the awarding agency. 2 C.F.R. § 200.344(e). Consequently, the LEA 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, the LEA may have multiple years of grant funds available under the same program at the same time.

Although the LEA typically does not generate carryover funds, any carryover that does occur is tracked through the LEA’s federal grant budgeting and monitoring process. Carryover balances are identified during the year-end reconciliation conducted by the Business Office. If carryover is permitted for the specific federal program, the LEA records the amount in its internal grant

tracking system and aligns it with the subsequent year's grant budget. When required by the Pennsylvania Department of Education (PDE), the LEA submits a carryover reporting sheet or enters carryover information into the Consolidated Application system. The Business Manager or designee is responsible for preparing and maintaining this documentation, ensuring accuracy, and coordinating with the Federal Programs Coordinator to adjust upcoming budgets as needed.

Direct Grants: Grantees receiving direct grants are not covered by the 12-month Tydings period. However, under 2 C.F.R. § 200.308(g)(2), direct grantees enjoy unique authority to expand the period of availability of Federal funds. The LEA is authorized to extend a direct grant automatically for one 12-month period. Prior approval is not required in these circumstances; however, in order to obtain this extension, the LEA 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 and must include the reasons for the extension as well as the revised period of performance. This one-time extension must not be exercised merely for the purpose of using unobligated balances.

Decisions to request a one-time 12-month extension for a direct grant are made collaboratively by the Business Manager and the Federal Programs Coordinator. The Federal Programs Coordinator determines whether an extension is programmatically necessary, while the Business Manager reviews fiscal implications and confirms that the request is not being made solely to spend remaining funds. If an extension is needed, the Business Manager prepares the written notice, which must include (1) the justification for the extension, clearly explaining the circumstances requiring additional time, and (2) the revised period of performance being requested. This written notice is then reviewed by the Assistant Superintendent for approval. Once approved, the Business Manager submits the notice to the Federal awarding agency at least 10 calendar days prior to the end of the current period of performance, in accordance with 2 C.F.R. § 200.308(g)(2).

The LEA 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(g)(2).

When prior approval is required, the Business Manager prepares a formal written request to the Federal awarding agency. Similar to the LEA's process for providing written notice for a one-time extension, the request must include (a) a detailed justification explaining the need for the extension and any circumstances affecting progress, and (b) the proposed revised period of performance. The Assistant Superintendent review and approve the request before it is submitted. The prior-approval request is submitted as early as possible to allow adequate time for federal review and to avoid gaps in program implementation. The Business Manager responsible for submitting the request and maintaining all related documentation.

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. § 200.1 (*Program income*).

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. § 200.1 (*Program income*). Additionally, taxes, special assessments, levies, fines, and similar revenues raised by a recipient are not 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 the LEA is the deduction method. 2 C.F.R. § 200.307(b). Under the deduction method, program income is deducted from total allowable costs to determine the net allowable costs, reducing the overall amount of the Federal award. Program income will only be used for current costs unless the LEA is otherwise directed by the Federal awarding agency or pass-through entity. 2 C.F.R. § 200.307(a). 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 total allowable costs, increasing the overall total amount of the Federal award. The program income must then be used for the original purpose of the Federal award. 2 C.F.R. § 200.307(a).

While the deduction method is the default method, the LEA always refers to the GAN prior to determining the appropriate use of program income.

The LEA has not historically generated program income from any federal award and does not anticipate program income under its current federal programs. Because no program income has ever been received, there is no active calculation or federal revenue coding in place for this purpose. However, if program income were to be generated in the future, the Business Office would calculate the amount based on revenues directly attributable to grant-supported activities and would record such income using the LEA's designated federal special revenue accounting codes. In accordance with 2 C.F.R. § 200.307(b), the LEA would apply the deduction method as the default unless the Federal awarding agency authorizes the use of the addition method.

If a program office wished to request the addition method, the Business Manager working with the Federal Program Coordinator would prepare a written justification that includes the source and amount of the program income, the programmatic rationale for using the addition method, and assurance that the funds would support the original purpose of the federal award. This request would be reviewed by the Assistant Superintendent before submission to the Federal awarding agency for prior approval.

II. Procurement System

Policy 626, documents the requirements applicable to procurements that are subject to the federal Uniform Grant Guidance regulations, federal guidance of the Office of Management and Budget, and/or U.S. Department of Agriculture (USDA) regulations governing school food service programs. The district maintains the following purchasing procedures, in accordance with federal and state laws, regulations and Board Policy.

The LEA maintains the following purchasing procedures.

A. Responsibility for Purchasing

The Federal Program Coordinator, Building Principal, and Department Leaders have the authority to initiate purchases that are within the budgetary limits.

All purchase order requests are entered by the Administrative Assistant of each building/department in Skyward using a unique, pre-assigned purchase order number then routed in Skyward for approval by the Assistant Business Manager, who checks whether the proposed purchase is subject to bid and sufficient funds exist in the budget. It is then routed electronically to the Business Manager who has final approval on all purchase orders.

Once approved, three copies of the purchase order are printed: a vendor copy, which is mailed/mailed to the vendor, and partial and full receiving copies, which are held by the initiator of the purchase until the product/service and invoice(s) are received. Upon receipt of the product/services purchased, the Requestor retains the packing slip for verification and enters the receipt in Skyward, which is printed and attached to the invoice by the Accounts Payable Department for payment and record retention per the procedure outlined in the district's Record Retention Plan.

B. Purchase Methods

The type of purchase procedures required depends on the cost of the item(s) being purchased.

Purchases up to \$15,000 (Micro-Purchases)

Micro-purchase means the aggregate amount of the procurement transaction does not exceed the micro purchase threshold defined in 2 C.F.R. § 200.1, currently set at \$15,000. The micro-purchase method is used in order to expedite the completion of its lowest-dollar small purchase transactions and minimize the associated administrative burden and cost. Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold.

To the extent practicable, the LEA distributes micro-purchases equitably among qualified suppliers. Micro-purchases may be awarded without soliciting competitive price or rate quotations if the LEA considers the price to be reasonable based on research, experience, purchase history, or other information and maintains documents to support its conclusion.

Purchase cards can be used as a method of payment for micro-purchases. The LEA maintains evidence of this reasonableness in the records of all micro-purchases.

The district's purchasing procedures ensure that all non-bid purchases made within the approved budget are conducted in the best interest of the district. Purchases within budgetary limits may be authorized by the Business Manager, Building Principal, and Department Leaders.

To promote efficiency, fairness, and cost-effectiveness, the district requires that all micro-purchase requests be submitted on an approved purchase order with required.

All purchase order requests must be routed through the Assistant Business Manager and Business Manager. These individuals verify whether the purchase is subject to bidding requirements, whether sufficient funds are available, and whether the requested item may already be available elsewhere in the district.

Under 2 C.F.R. § 200.320(a)(1)(iv), the LEA may increase its micro-purchase threshold up to \$50,000 through yearly self-certification. Self-certification from the LEA includes justification and identification of the increased threshold and supporting documentation of any of the following:

1. The LEA is a low-risk auditee for the most recent audit in accordance with 2 C.F.R. § 200.520
2. The LEA receives an annual internal institutional risk assessment that identifies, mitigates, and manages financial risks
3. The increased threshold is consistent with State law

In addition, under 2 C.F.R. § 200.320(a)(1)(v), the LEA may increase its micro-purchase threshold above \$50,000 with approval from the cognizant agency for indirect costs after submitting documentation that demonstrates that the LEA is a low-risk auditee or that it receives an annual internal institutional risk assessment.

Purchases between \$15,000 and \$350,000 (Simplified Acquisitions)

The simplified acquisition procedures apply when the aggregate dollar amount of the procurement transaction is higher than the micro-purchase threshold but does not exceed the simplified acquisition threshold defined in 2 C.F.R. 200.1, currently set at \$350,000. The LEA may lower the threshold based on internal controls, an evaluation of risk, and its documented procurement procedures. If simplified acquisition procedures are used, price or rate quotations are obtained from an adequate number of qualified sources. Unless specified by the Federal agency, the LEA may exercise judgment in determining what number is adequate.

For procurement transactions above the micro-purchase threshold and up to the simplified acquisition threshold, the LEA follows documented procedures designed to ensure open competition, transparency, and best value for public funds. In accordance with 2 C.F.R. § 200.320 and § 200.1, simplified acquisition procedures require obtaining price or rate quotations from an adequate number of qualified sources.

1. Required Number of Quotes

- The LEA requires a minimum of three (3) written quotes from qualified vendors when conducting a simplified acquisition.
- If three quotes cannot be obtained after reasonable attempts, the Business Manager or designee documents all outreach efforts and the reasons fewer than three quotes were available.

2. Who Obtains the Quotes

- Quotes may be gathered by:
 - Business Manager, or
 - Building/Department Administrator initiating the purchase.
- All quote collection activities must be reviewed and approved by the Business Manager before award.

3. Acceptable Forms of Quotes

Quotes must be provided in written format, which may include:

- Email communications from vendors
- Vendor-provided PDF or written quote
- Faxed price proposals
- Web-based price listings if the quote captures:
 - date,
 - vendor name,
 - product/service details,
 - price, and
 - screenshot or printout as documentation

Verbal quotes are not acceptable unless immediately documented in writing with the date, time, vendor contact, and pricing—and approved by the Business Manager.

4. Best-Value Evaluation

The Business Manager or designee evaluates quotes based on:

- Price
- Vendor qualifications and reliability
- Ability to meet delivery timelines
- Past performance (when applicable)
- Warranty and support commitments
- Compliance with specifications

The evaluation summary is documented and attached to the purchase file.

5. Final Approval Authority

- The Business Manager makes the final award determination based on best value.
- Purchases at this level require issuance of a district-approved purchase order.
- If the proposed purchase approaches the upper threshold (near \$350,000) or presents elevated risks, the Business Manager may require Superintendent review.

6. Documentation Requirements

All simplified acquisition files must contain:

- The three required written quotes (or documentation of attempts)
- The evaluation summary
- Conflict-of-interest certification (if applicable)
- Approved purchase order
- Any internal forms or justification statements required by LEA policy

The LEA maintains these records in accordance with its procurement and federal record-retention requirements.

Purchases Over \$350,000

Sealed Bids (Formal Advertising): For purchases over \$350,000, bids are publicly solicited through an invitation and a firm fixed price contract (lump sum or unit price) is awarded to the responsible bidder whose bid conforms with all the material terms and conditions of the invitation and is the lowest in price. The sealed bids procurement method is preferred for procuring construction services.

For sealed bidding to be feasible, the following conditions should be present:

- A complete, adequate, and realistic specification or purchase description is available.
- Two or more responsible bidders have been identified as willing and able to compete effectively for the business.
- The procurement lends itself to a firm-fixed-price contract, and the selection of the successful bidder can be made principally based on price.

If sealed bids are used, the following requirements apply:

- Bids must be solicited from an adequate number of qualified sources, providing them with sufficient response time prior to the date set for opening the bids. Unless specified by the Federal agency, the recipient or subrecipient may exercise judgment in determining what number is adequate. For local governments, the invitation for bids must be publicly advertised.
- The invitation for bids must define the items or services with specific information, including any required specifications, for the bidder to properly respond.

- All bids will be opened at the time and place prescribed in the invitation for bids. For local governments, the bids must be opened publicly.
- A firm-fixed-price contract is awarded in writing to the lowest responsive bid and responsible bidder.

When specified in the invitation for bids, factors such as discounts, transportation cost, and life cycle costs must be considered in determining which bid is the lowest. Payment discounts must only be used to determine the low bid when the LEA determines they are a valid factor based on prior experience. The recipient or subrecipient must document and provide a justification for all bids.

Competitive Proposals: A procurement method used when conditions are not appropriate for using sealed bids. This procurement method may result in either a fixed price or cost-reimbursement contract. They are awarded in accordance with the following requirements:

- Requests for proposals require public notice, and all evaluation factors and their relative importance must be identified. Any response to publicized requests for proposals must be considered to the maximum extent practical.
- Proposals must be solicited from multiple qualified sources.
- There are written procedures for conducting technical evaluations and making selections of proposals.
- Contracts must be awarded to the responsible firm whose proposal is most advantageous to the recipient or subrecipient considering price and other factors.

The LEA may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby the offeror's qualifications are evaluated, and the most qualified offeror 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. The method may not be used to purchase services provided by A/E firms that are a potential source to perform the proposed effort.

When the LEA engages in a formal competitive proposal process—typically used for complex services, technical procurements, or purchases exceeding the Simplified Acquisition Threshold—the following procedures ensure full and open competition, transparency, and compliance with federal procurement standards.

1. Issuing the Solicitation (RFP)

The Business Manager and/or designee, prepares and issues a Request for Proposals (RFP) that includes:

- Detailed scope of work
- Technical specifications
- Required qualifications
- Evaluation criteria and relative weights
- Submission instructions and deadlines

- The RFP is publicly advertised through appropriate channels to ensure open competition.

2. Receipt and Opening of Proposals

- Proposals are received by the Business Office by the published deadline.
- Submissions are date-stamped and secured until the opening time.
- Late proposals are not evaluated.

3. Technical Evaluation Team

A Technical Evaluation Committee (TEC) conducts the evaluation.

The committee typically includes:

- Business Manager (Chair)
- Assistant Business Manager
- Federal Programs Coordinator
- Program Administrator or Department Supervisor with subject-matter expertise
- Additional staff or specialists, as appropriate

The Superintendent may designate additional evaluators for high-value or specialized procurements.

4. Number of Evaluations & Scoring Method

- Each evaluator independently reviews and scores all proposals using a standardized scoring rubric, ensuring consistency and objectivity.
- The rubric includes both technical and cost factors, with weights established in the RFP.
- A minimum of three independent evaluations is required whenever feasible.
- Evaluators submit their scoring sheets to the TEC Chair for compilation.

5. Evaluation Factors

Evaluation factors typically include:

- Technical approach and understanding of the project requirements
- Vendor qualifications, certifications, and relevant experience
- Capacity and staffing plan to deliver required services
- Past performance with the LEA or other public agencies
- Cost proposal (considered but not the sole determining factor)
- Compliance with RFP instructions and required documentation

These factors may be adjusted depending on the complexity of the procurement.

6. Timeframe for Evaluation

- The evaluation period generally occurs within 10–20 business days after the proposal due date, depending on project complexity.
- For expedited procurements, the Business Manager may shorten the timeframe, provided adequate evaluation can still be conducted.

7. Compilation & Review of Scores

- The TEC Chair compiles all individual evaluator scores into a combined evaluation summary.
- The Assistant Business Manager verifies the completeness of documentation and confirms that scoring aligns with the evaluation rubric.
- The Business Manager performs a final review to ensure the process was followed appropriately.

8. Best-Value Determination & Recommendation

The LEA awards the contract to the vendor offering the best overall value, considering both technical merit and cost.

- The TEC formulates a written recommendation explaining the rationale for selection.
- The Business Manager submits the recommendation to the Superintendent for approval.
- Procurements requiring Board action (based on threshold or policy requirements) are then submitted for Board approval.

9. Documentation Requirements

The full procurement file includes:

- The original RFP
- All proposals received
- Individual evaluator scoring sheets
- Consolidated evaluation summary
- Written recommendation and best-value determination
- Approvals by the Business Manager and Superintendent
- Board approval (if required)
- Final contract or purchase order

Records are retained per federal and local retention requirements

Contract/Price Analysis: The LEA performs a cost or price analysis for every procurement action in excess of \$350,000, including contract modifications. 2 C.F.R. § 200.324(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 (for example, the LEA should consider potential workforce impacts in their analysis if the procurement transaction will displace public sector employees); however, the Business Office must come to an independent estimate prior to receiving bids or proposals. 2 C.F.R. § 200.324(a).

The Business Office will use the following process to develop an independent estimate:

1. Review of Historical Pricing

- Analyze prices from similar prior procurements conducted by the LEA within the past five years.
- Consider whether market conditions, scope, inflation, or supply-chain factors warrant adjustments from historical costs.

2. Market Research

- Conduct price comparisons using publicly available sources, state cooperative purchasing contracts, GSA schedules (if applicable), and vendor catalog pricing.
- Contact a reasonable number of vendors for informal budgetary estimates when appropriate.
- Review industry publications and market trend reports to identify standard pricing for similar goods or services.

3. Cost Element Evaluation (for cost analysis situations)

- When required, break down the expected price into major components such as labor, materials, equipment, overhead, and profit.
- Use prevailing wage rates, standard labor-hour estimates, and cost indices to validate assumptions.

4. Assessment of Potential Workforce Impacts

- If the procurement may result in displacement or reassignment of public-sector employees, include an analysis of anticipated workforce impacts and associated costs.

5. Internal Review and Documentation

- The estimate is reviewed by the Business Office (as applicable) before solicitation release.

- All supporting research, data sources, and calculations are retained in the procurement file.

6. Use of Estimate in Price or Cost Analysis

- After bids or proposals are received, the independent estimate is used as a benchmark for conducting the formal cost or price analysis.
- Significant variances between the estimate and proposed prices must be justified and documented.

Noncompetitive Proposals (Sole Sourcing)

There are specific circumstances in which noncompetitive procurement can be used. Noncompetitive procurement method may only be used if one of the following circumstances applies:

- The aggregate amount of the transaction is under the micro-purchase threshold.
- The procurement transaction can only be fulfilled by a single source.
- The public exigency or emergency for the requirement will not permit a delay resulting from providing public notice of a competitive solicitation.
- The recipient or subrecipient requests in writing to use a noncompetitive procurement method, and the Federal agency or pass-through entity provides written approval.
- After solicitation of several sources, competition is determined inadequate.

C. Purchase Cards

The LEA maintains a Purchase Card (P-Card) program to streamline small and routine purchases while ensuring full compliance with Federal, State, and local procurement requirements. These procedures outline the proper use, approval workflow, and documentation requirements for District-issued Procurement Cards (P-Cards), as well as guidance for initiating Purchase Order (PO) requests through Skyward. The goal is to ensure accountability, transparency, and compliance with state laws, federal requirements, and District policy.

Authorized Users

- P-Cards are issued to approved District employees for the purpose of making official purchases on behalf of the District.
- District employees who have read and signed the Employee Usage Agreement Form

Allowable Purchases

P-Cards may be used for:

- Instructional supplies
- Approved travel expenses
- Conference registrations

- Emergency purchases when time does not allow a standard PO
- Other items explicitly permitted by District policy

Prohibited Purchases

P-Cards may not be used for:

- Personal purchases (even if reimbursement is intended)
- Gift cards or cash equivalents
- Alcohol or tobacco products
- Fuel for personal vehicles
- Non-District business meals, entertainment, or gratuities
- Technology items that require IT approval without prior authorization
- Any purchase requiring a contract or legal review

Purchasing Process Using Skyward

Initiating a Purchase Order (PO) Request

All planned purchases—unless specifically approved for P-Card use—must begin with a PO request in Skyward.

The requestor must:

1. Log into Skyward Employee Access
2. Navigate to Purchasing → Requisition
3. Enter item descriptions, quantities, and estimated pricing
4. Select correct budget coding (as provided by building/department administration)
5. Attach required supporting documents (quotes, contracts, vendor forms, etc.)
6. Submit for approval

Approval Workflow

Skyward routes requisitions automatically through:

1. Supervisor/Administrator approval
2. Assistant Business Manager approval
3. Final approval by the Business Manager

Once approved, a PO number is generated and may be provided to the vendor.

When the P-Card May Be Used Instead of a PO

A P-Card may be used when:

- The purchase is low-dollar and time-sensitive

- The vendor does not accept Purchase Orders
- Travel-related reservations or registrations are required
- An emergency purchase is needed

Note: A requisition may still be required for documentation and budget approval *before* use of the P-Card, depending on the purchase type.

Required Documentation for P-Card Transactions

Receipts

Cardholders must submit:

- Itemized receipts
- Proof of payment (credit card slip or final invoice)
- Registration confirmations for travel/conferences
- Documentation showing competitive pricing when applicable

Missing receipts may result in:

- Transaction being considered personal
- Suspension of card privileges
- Repayment to the District

Monthly Review and Approval

- Each cardholder's monthly statement is reviewed by the Administrative Assistant for Accounts Payable. Verification includes:
 - Purchases are allowable and necessary
 - Receipts are attached and complete
 - Charges align with approved budgets
- The Assistant Business Manager performs a secondary compliance review before payment is issued.

Spending Limits

- Cardholder limits are established by the Business Office based on role and need.
- Limits include single transaction, daily, and monthly maximums.
- Temporary limit increases must be requested in advance and approved by the Business Office.

Safeguarding the P-Card

Cardholders must:

- Keep the card secure at all times

- Report lost or stolen cards immediately to the Business Office
- Never store card information on a vendor website unless approved
- Never email full card numbers

Violations & Consequences

Misuse of the P-Card may result in:

- Loss of card privileges
- Requirement to reimburse the District
- Disciplinary action
- Possible legal consequences for fraudulent activity

D. Full and Open Competition

All procurement transactions for the acquisition of property or services required under the Federal award must be conducted in a manner that provides full and open competition consistent with 2 C.F.R. §§ 200.319 and 200.320. 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 on those 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;
- Prequalified lists must not preclude potential bidders from qualifying (200.319(e));
- 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
 - Detailed product specifications should be avoided if at all possible (200.319(d))
- Any arbitrary action in the procurement process.

The UGG further requires the following to ensure adequate competition.

Contractor Preferences

The LEA must award contracts only to responsible contractors that possess the ability to perform successfully under the terms and conditions of a proposed contract. Recipients and subrecipients must consider:

- Contractor integrity
- Public policy compliance
- Proper classification of employees (see FLSA)
- Past performance record
- Financial and technical resources

The LEA may develop written procedures for procurement transactions that incorporate a scoring mechanism that rewards bidders that commit to specific numbers and types of U.S. jobs,

minimum compensation, benefits, on-the-job-training for employees making work or products providing services on a contract, and other worker protections. Any scoring mechanism must be consistent with the U.S. Constitution, applicable Federal statutes and regulations, and the terms and conditions of the Federal award.

Domestic Preference for Procurement

The LEA should, to the greatest extent practicable and consistent with law, provide a preference for the purchase, acquisition, or use of goods, products, and materials produced in the United States. The LEA must include this preference in all subawards, contracts, and purchase orders under Federal awards.

Contracting with Small, Minority, Women's, or Veteran-Owned Businesses

When possible, should consider small businesses, minority businesses, women's businesses, veteran-owned businesses, and labor surplus area firms. Consideration means:

- Including these businesses on solicitation lists
- Soliciting whenever deemed eligible as potential sources
- Dividing separate procurements and establishing delivery schedules to permit maximum participation
- Use organizations like the Small Business Administration and the Minority Business Development Agency of the Department of Commerce
- Requiring contractors under a Federal award to apply these conditions to subcontracts

The district has received a list of qualified small, minority businesses and women's businesses. When going through the procurement process, SGASD staff must take all necessary affirmative steps to ensure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible.

Affirmative steps must include:

- Placing qualified small and minority businesses and women's business enterprises on solicitation lists.
- Assuring that small and minority businesses, and women's business enterprises, are solicited whenever they are potential sources.
- Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses, and women's business enterprises.
- Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority businesses, and women's business enterprises.
- Using the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce.
- Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed in paragraphs (b)(1) through (5) of this section.

Prohibition on Certain Telecommunications Companies

The LEA will not procure, enter into a contract to procure, or extend or renew a contract to procure covered telecommunications and video surveillance equipment or services described in Public Law 115-232, section 889. Covered telecommunications and video surveillance equipment or services are those produced by Huawei Technologies Company, ZTE Corporation, Hytera Communications Corporation, Hangzhou Hikvision Digital Technology Company, or Dahua Technology Company, or any subsidiary or affiliate of such entities. 2 C.F.R. § 200.216. To meet this requirement, the Business Office will check www.sam.gov to ensure the vendor is not excluded for this reason. See *OMB 2 C.F.R. Frequently Asked Questions*, Q-47 https://www.cfo.gov/assets/files/2CFR-FrequentlyAskedQuestions_2021050321.pdf

Never Contract with the Enemy

The LEA complies with the regulations implementing Never Contract with the Enemy in 2 C.F.R. Part 183 prohibiting contracts, grants and cooperative agreements that exceed \$50,000, are performed outside the U.S. and its territories, and are in support of a contingency operation in which members of the Armed Forces are actively engaged in hostilities. 2 C.F.R. § 200.215.

Prequalified Lists

The LEA must ensure that all prequalified lists of persons, firms, or products used in procurement transactions are current and include enough qualified sources to ensure maximum open competition. When establishing or amending prequalified lists, the recipient or subrecipient must consider objective factors that evaluate price and cost to maximize competition. Also, the LEA must not preclude potential bidders from qualifying during the solicitation period.

Recovered Materials

The LEA should, to the greatest extent practicable and consistent with law, purchase, acquire, or use products and services that can be reused, refurbished, or recycled; contain recycled content, are biobased, or are energy and water efficient; and are sustainable. This may include purchasing compostable items and other products and services that reduce the use of single-use plastic products. See Executive Order 14057, Section 101.

Solicitation Language

The LEA must ensure that all solicitations incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such descriptions 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 of features may be used to provide procurement requirements. The specific features of the named brand must be clearly stated; and identify all requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals. 2 C.F.R. § 200.319(d)(1)–(2).

E. Federal Procurement System Standards

Avoiding Acquisition of Unnecessary or Duplicative Items

The LEA must avoid the acquisition of unnecessary or duplicative items. Additionally, consideration is given to consolidating or breaking out procurements to obtain a more economical purchase. And, where appropriate, an analysis should be made between leasing and purchasing property or equipment 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.

Use of Intergovernmental Agreements

When appropriate for the procurement or use of common or shared goods and services, the LEA are encouraged to enter into State and local intergovernmental agreements for procurement transactions. These or similar procurement arrangements using strategic sourcing may foster greater economy and efficiency. Documented procurement actions of this type (using strategic sourcing, shared services, and other similar procurement arrangements) will meet the competition requirements of the UGG.

Use of Federal Excess and Surplus Property

The LEA considers the use of excess and surplus Federal property instead of purchasing new equipment and property when it is feasible and reduces project costs.

Debarment and Suspension

The LEA awards contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as contractor integrity, public policy, compliance, proper classification of employees (see the Fair Labor Standards Act, 29 U.S.C. 201, chapter 8), past performance record, and financial and technical resources.

The LEA may not subcontract with or award subgrants to any person or company who is debarred or suspended.

Accordingly, for all contracts over \$25,000 the Business Office will ensure this is met by either:

- a. Checking SAM at <http://www.sam.gov/>;
- b. Collecting a certification from that person; or
- c. Adding a clause or condition to the covered transaction with that person.

Maintenance of Procurement Records

The LEA 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. Records are maintained in accordance with this manual and School Board Policy 800 and 801.

Time and Materials Contracts

The LEA may use a time-and-materials type contract only (1) after a determination that no other contract is suitable; and (2) if the contract includes a ceiling price that the contractor exceeds at its own risk. Time-and-materials type contract means a contract whose cost to the LEA 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, the LEA must assert a high degree of oversight in order to obtain reasonable assurance that the contractor is using efficient methods and effective cost controls.

Pre-Procurement Documents

In accordance with 2 C.F.R. § 200.325, the LEA will make available upon request from the Pennsylvania Department of Education all procurement documents for pre-procurement review, such as requests for proposals or invitations for bids, or independent cost estimates. The LEA must submit the technical specifications of proposed procurements when requested by the Federal agency or pass-through entity.

Settlements of Issues Arising Out of Procurements

The LEA is responsible for the settlement of all contractual and administrative issues arising out of its procurement transactions. These issues include, but are not limited to, source evaluation, protests, disputes, and claims. These standards do not relieve the LEA of any contractual responsibilities under its contracts. The LEA must report violations of law to the local, State, or Federal authority having proper jurisdiction.

Protest Procedures to Resolve Dispute

The LEA maintains protest procedures to handle and resolve disputes relating to procurements and, in all instances, discloses information regarding the protest to the awarding agency. The following procedures have been established to ensure fairness, transparency, and compliance with applicable State and local laws.

Who May Protest

Vendors who submitted, or intended to submit, a bid or proposal and whose economic interests may be affected.

How to File a Protest

- Submit in writing to the Superintendent Office
- Deadline: Within 5 business days of when the vendor knew or should have known of the issue, and before contract execution.
- Must Include:
 - Vendor contact info
 - Solicitation/contract number
 - Detailed grounds for protest

- Supporting documents
- Desired remedy

What Happens When a Protest Is Filed

- Procurement/award is paused, unless urgent circumstances require continuation (documented by the LEA).
- The protest is logged and forwarded to the reviewing official.

Who Reviews the Protest

- Superintendent or a designated review committee

Review Process & Timeline

- Review of documentation and procurement file
- Additional information may be requested
- Written decision issued within 10 business days (or as soon as practical)

Decision

A written determination is sent to the protestor and includes:

- Summary of the protest
- Findings and decision
- Any required corrective action

Possible Corrective Actions

- Re-evaluation of proposals
- Amending or re-issuing the solicitation
- Modifying or canceling the award
- Other actions as appropriate

Reporting Requirements

If Federal funds are involved, the LEA will disclose protest information to the:

- Pass-Through Entity
- Federal Awarding Agency (e.g., U.S. Department of Education), upon request.

Record Retention

All protest materials are kept per School Board policy 800.

Contract Provisions

In all Federally-funded contracts, the LEA includes the required Federal, State, and local provisions including the applicable provisions described in Appendix II to 2 C.F.R. Part 200 – Contract Provisions for the LEA’s Contracts under Federal Awards. 2 C.F.R. § 200.327.

F. Conflict of Interest Requirements

Standards of Conduct

In accordance with 2 C.F.R. § 200.318(c)(1), the LEA 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, agent, or board member 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, board member, 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, board members, and agents of the LEA 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. A few examples of nominal value gifts could include: a pen, mug, light refreshments at a meeting, or a small promotional trinket. Refer to School Board Policy 827 for the district’s complete Conflict of Interest standards and procedures.

Whistleblower protections

An employee of a recipient or subrecipient must not be discharged, demoted, or otherwise discriminated against as a reprisal for disclosing to a person or body described in paragraph (a)(2) of 41 U.S.C. 4712 information that the employee reasonably believes is evidence of gross mismanagement of a Federal contract or grant, a gross waste of Federal funds, an abuse of authority relating to a Federal contract or grant, a substantial and specific danger to public health or safety, or a violation of law, rule, or regulation related to a Federal contract (including the competition for or negotiation of a contract) or grant.

The LEA must inform their employees in writing of employee whistleblower rights and protections under 41 U.S.C. 4712. *See* statutory requirements for whistleblower protections at 10 U.S.C. 4701, 41 U.S.C. 4712, 41 U.S.C. 4304, and 10 U.S.C. 4310. Employees may review their fill whistleblower rights and protections by accessing the following federal resource: **U.S. Office of Inspector General – Federal Whistleblower Rights Notice:**
<https://www.oig.dhs.gov/whistleblower-protection>

Organizational Conflicts

Refer to School Board Policy 827 for the district’s complete Conflict of Interest standards and procedures.

Disciplinary Actions

Refer to School Board Policy 827 for the district's complete Conflict of Interest standards and procedures.

Mandatory Disclosure

Per 2 C.F.R. § 200.318, the LEA must disclose in writing any potential conflict of interest to the Federal awarding agency or pass-through in accordance with the Federal awarding agency's conflicts policies.

Also, the LEA must promptly disclose whenever it has credible evidence of the commission a violation of Federal criminal law involving fraud, conflict of interest, bribery, or gratuity violations under Title 18 or Civil False Claims Act (31 U.S.C. 3729–3733). Failure to report can result in remedies for noncompliance per 2 C.F.R. § 200.339.

- Includes both criminal and civil false claims actions
- Must be made in writing to the Federal agency, the agency's Office of Inspector General, and the pass-through entity (if applicable)
- Also required to report matters to recipient integrity and performance (i.e., SAM and FAPIIS)
- Includes any activities or subawards in connection with the Federal award.

To promote transparency and maintain compliance with Federal award requirements, the LEA requires that potential conflicts of interest or suspected violations of law be disclosed within 72 hours of identification.

G. Contract Administration

The LEA maintains the following oversights to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.

- Verification of Goods and Services
 - Designated staff inspect all delivered goods for completeness, accuracy, condition, and compliance with specifications.
 - For services, staff confirm work performed through service logs, reports, deliverables, or other documentation required by the contract.
 - Any discrepancies or deficiencies must be corrected by the contractor before acceptance.
- Acceptance Documentation
 - Staff must sign a receiving or service-verification form confirming satisfactory delivery or performance.
 - Partial or damaged deliveries are documented and not eligible for payment until resolved.

- Three-Way Match Prior to Payment

Before Accounts Payable issues payment, the following must match:

- Contract/Purchase Order
 - Receiving or Service-Acceptance Documentation
 - Vendor Invoice
- If any element is missing or inconsistent, payment is withheld until corrected.

- Oversight During Performance

- Program/department staff monitor contractor performance for timeliness, quality, and adherence to contract requirements.
- Any issues are documented and addressed with the vendor; unresolved problems are escalated to the Business Office.

- Change Orders

- Changes to price, scope, or schedule require prior written approval from the Business Office through a formal change order.

- No Advance Payments

- Payments are issued only after goods or services are received, unless expressly permitted by law or grant requirements.

- Final Closeout

- All deliverables, warranties, manuals, and related items must be received before final payment.
- Records are retained according to the LEA's records-retention requirements.

III. Property Management Systems

A. Property Classifications

The property classifications below reflect definitions from 2 C.F.R. § 200.1. The LEA adopts these definitions and aligns them with applicable State and local requirements, including local capitalization thresholds. Any LEA adjustments will continue to include all items captured under the Federal definitions to maintain compliance.

Equipment means tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the

lesser of the capitalization level established by the LEA for financial statement purposes, or \$10,000. 2 C.F.R. § 200.1 (*Equipment*).

Supplies means all tangible personal property other than Equipment. A computing device is a supply if the acquisition cost is less than the lesser of the capitalization level established by the LEA for financial statement purposes or \$10,000, regardless of the length of its useful life. 2 C.F.R. § 200.1 (*Supplies*).

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. § 200.1 (*Computing devices*).

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 a lease accounted for as a financed purchase under Government Accounting Standards Board (GASB) standards or a finance lease under Financial Accounting Standards Board (FASB) standards; and
- Additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations or alterations to capital assets that materially increase their value or useful life.

B. Inventory Records

For equipment purchased with Federal funds (in part or in whole), the following information is maintained in the district’s inventory database:

- 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 contribution towards the original purchase
- Location, use and condition of the property
- Any ultimate disposition data including the date of disposal and sale price of the property

The LEA is responsible for maintaining and *updating* property records when there is a change in the status of the property. Asset listings are updated as needed, in accordance with Board Policy 706.1-Disposal of Obsolete/Outdated Equipment.

C. 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.

The Technology Department is responsible for maintaining the district’s overall inventory database and ensuring that all federally and locally required inventory controls are followed.

Receiving New Equipment

- Equipment delivered to the Technology Department receiving area
- Items inspected for condition, accuracy, and compliance with PO
- Serial/model numbers verified
- Discrepancies reported to vendor immediately
- Receiving report completed (PO number, date, quantities, condition, staff signature)
- Receiving report filed with PO, packing slip, and invoice

Logging Into Inventory System

- Technology Department enters item into inventory database
- Asset description, serial number, model, and funding source recorded
- Location and assigned user entered
- Acquisition cost documented
- Tag number linked to asset record

Tagging Assets

- Tags applied to:
 - All equipment meeting capitalization threshold
 - All computing devices (any cost)
 - All federally funded property
 - Any additional high-risk or sensitive items
- Tag placed in visible, permanent location
- Tag number recorded in inventory system

Physical Inventory (Every 2 Years or More Frequently if Required)

- Conducted by Technology Department and/or the Federal Programs Coordinator during scheduled inventory period
- All asset tags scanned or verified manually
- Location and condition confirmed
- Missing or untagged items documented

Reconciliation

- Physical count compared to inventory database
- Differences researched (relocated items, data entry errors, unreported disposals)
- Lost/stolen items reported to Business Office per policy
- Inventory records updated to reflect verified results

Final Documentation

- Updated inventory record saved
- All inventory documentation maintained per LEA records retention policy
- All adjustments compliant with federal (2 C.F.R. Part 200) and state requirements

D. Maintenance

In accordance with 2 C.F.R. § 200.313(d)(4), the LEA maintains regular adequate maintenance procedures to ensure that property is kept in good and proper working condition. Equipment and computing devices may only be used for authorized instructional or administrative purposes, and users are prohibited from altering system settings or installing unapproved software. Staff must immediately report any malfunctioning, damaged, or missing equipment to the Technology Department, which coordinate repairs, replacements, and documentation. Routine inspections are conducted throughout the year to verify that all property is properly maintained and functioning as intended.

E. Lost or Stolen Items

The LEA maintains a control system that ensures adequate safeguards are in place to prevent loss, damage, or theft of the property, in accordance with Board Policies 706 – Property Records. Any loss, damage, or theft of equipment must be investigated. Staff must immediately report the loss to the Building Administrator and Technology Department, who review the circumstances, document the incident, and file a police report when appropriate. The item remains on the inventory until the investigation is complete. The LEA must notify the Federal agency or pass-through entity of any loss, damage, or theft of equipment that will have an impact on the program.

F. 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 the LEA 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.

When equipment is no longer needed for the original program or project, the LEA follows a structured internal transfer process to ensure continued compliance. Schools and departments notify the Business Office, which then alerts other buildings and program administrators of the available equipment. Requests are reviewed and prioritized according to federal regulations,

ensuring the equipment is reassigned first to other activities funded by the same Federal awarding agency, and then to other federally supported programs. All transfers are documented in the inventory system before the equipment is reassigned.

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, provided such use will not interfere with the purpose for which it was originally acquired.

G. Disposal of Equipment

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, Business Manager will contact the awarding agency or pass-through entity 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 \$10,000 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 \$10,000, the Federal awarding agency or pass-through entity is entitled to the Federal share of the current market value or sales proceeds. The LEA may retain \$1,000 to cover expenses associated with the selling and handling of the equipment.

If acquiring replacement equipment, the LEA 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.

Disposition of equipment will be properly recorded in the fixed asset inventory, in accordance with Board Policy 706.1- Disposal of Obsolete/Outdated Equipment.

Equipment retention

When included in the terms and conditions of the Federal award, the Federal agency may permit the recipient to retain equipment with no further obligation to the Federal Government unless prohibited by Federal statute or regulation.

H. Disposal of Supplies

Supplies are an allowable direct charge (2 C.F.R. § 200.453). Title to supplies acquired under the Federal award will vest upon acquisition in the recipient or subrecipient. If there is a residual inventory of unused supplies at the end of the period of performance exceeding \$10,000 in total aggregate value, and the supplies are not needed for any other Federal award, the LEA may retain or sell the supplies. The Federal agency or pass-through entity is entitled to compensation

in an amount calculated by multiplying the percentage of the Federal agency's or pass-through entity's contribution towards the cost of the original purchase(s) by the current market value or proceeds from the sale. The LEA may retain \$1,000 to cover expenses associated with the selling and handling of the equipment.

- Unused supplies means supplies that are in new condition, not having been used or opened before.
- The aggregate value of unused supplies consists of all supply types, not just like-item supplies.

IV. 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. This includes an employee whose salary is paid with State or local funds but is used to meet a required "match" in a Federal program. These documents, known as time and effort records, are maintained in order to charge the costs of personnel compensation to Federal grants.

Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. 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 the LEA on an integrated basis;
- Comply with the established accounting policies and practices of the LEA; and
- Support the distribution of the employee's salary or wages among specific activities or cost objectives.

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 attestation log or a monthly Documentation Log for Pro-Rated Staff 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 attestation log. The semi-annual attestation log must be:

1. Completed at least every six (6) months.

2. Be signed by the employee and the supervisor with direct knowledge of the work being performed.
3. Reflect an after-the-fact distribution of the actual activity.
4. Account for the total activity for which each employee is compensated.

All employees who work on multiple cost objectives must complete the Documentation Log for Pro-Rated Staff 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.
4. Are signed by the employee.

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.

The level of effort of program staff is first estimated by the Federal Program Coordinator and Assistant Superintendent who communicates this to the Assistant Business Manager for interim accounting for salary, benefits, and staff costs. The Federal Program Coordinator reviews the time and effort records showing the percentage of each staff's time spent on specific projects and communicates any deviations from the previously established estimates to the Assistant Business Manager so adjustments can be made to ensure the final amount charged to the federal award is accurate, allowable, and properly allocated.

V. Record Keeping

A. Record Retention

The LEA 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. The LEA 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 five (5) years before the receipt of a program determination letter. 34 C.F.R. § 81.31(c). Consequently, the LEA 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. § 200.334.

Procedures for the secure destruction of records and the updating of the records inventory are outlined in School Board Policy 800 – Records Management

B. Collection and Transmission of Records

When practicable, the LEA must collect, transmit, and store Federal award information in an open and machine-readable formats. A machine-readable format is a format in a standard computer language (not English text) that can be read automatically by a computer system. The LEA may substitute electronic versions of original paper records through duplication or other forms of electronic conversion, provided that the procedures are subject to quality control reviews. Quality control reviews must ensure that electronic conversion procedures provide safeguards against the alteration of records and assurance that records remain in a format readable by a computer system.

Procedures for records retention are outlined in School Board Policy 800 – Records Management

C. Access to Records

The LEA provides the awarding agency, Inspectors General, the Comptroller General of the United States, and the pass-through entity, or any of their authorized representatives the right of access to any documents, papers, or other records of the LEA which are pertinent to the Federal award to perform audits, execute visits, examinations, excerpts, other official use, and transcripts. The right also includes timely and reasonable access to the LEA's personnel for the purpose of interview and discussion related to such documents or the Federal award in general.

D. Privacy

The LEA is required to take reasonable cybersecurity and other measures to safeguard information including protected personally identifiable information (PII) and other types of information. This also includes information the Federal agency or pass-through entity designates as sensitive or other information the LEA considers consistent with applicable privacy laws (2 C.F.R. § 200.453).

The LEA safeguards student and employee personal information through multiple layers of protection, including secure password requirements, restricted system access, and routine cybersecurity monitoring. Employees receive ongoing training on FERPA and related privacy obligations, and all requests for records are verified to ensure the requester has a legal right to the information before any documentation is released. These measures help ensure that protected data is handled securely and in compliance with all applicable privacy laws.

VI. Emergency Policies and Procedures

In the event of an identified emergency affecting the LEA, the Superintendent or designee serves as the lead decision-maker and coordinates all response actions in accordance with School Board Policy 805. The Superintendent, in collaboration with the School Safety and Security Coordinator and appropriate emergency agencies, oversees the implementation of emergency procedures, while the district's communication office is responsible for issuing timely updates and instructions to employees, families, and other stakeholders. All actions follow the district's emergency preparedness plan, ensuring consistent coordination, clear communication, and compliance with state and local emergency management requirements.

VII. Subrecipient Monitoring

If the LEA awards subgrants, it follows established subrecipient monitoring procedures to ensure full compliance with the terms and conditions of the Federal award. The Business Office conducts periodic reviews of subrecipient financial reports, program performance, and supporting documentation, and any identified findings are communicated in writing along with required corrective actions. Subrecipients must submit evidence that corrective measures have been implemented, and the LEA verifies completion before closing the finding. These procedures ensure that all subgrant activities remain compliant and that any issues are promptly resolved.

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) and the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Grants Guidance at 2 C.F.R. Part 200)
 - <https://www2.ed.gov/policy/fund/reg/edgarReg/edgar.html>
- Federal program statutes, regulations, and guidance
 - <http://www.ed.gov/>
 - <https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200>
- State and/or LEA regulations, rules, and policies
 - [PDE Administrative Manual for ESSA Programming](#)
 - PAFPC.org