# Murfreesboro City Schools

# UGG & EDGAR Policies and Procedures

## Administration of Federal Education Programs Aligned with the Requirements of the Uniform Grants Guidance (2 C.F.R. § 200)

9-1-2025

# Table of Contents


I. Introduction ..... 2

II. Financial Management System ..... 2

A. Financial Management Standards ..... 2

B. Overview of the Financial Management/Accounting System ..... 4

C. Budgeting ..... 4

D. Spending Grant Funds ..... 6

E. Federal Cash Management Policy/Procedures ..... 12

F. Timely Obligation of Funds ..... 14

G. Program Income ..... 16

III. Procurement System ..... 17

A. Procurement Methods ..... 17

B. Purchase Cards ..... 21

C. Full and Open Competition ..... 22

D. Federal Procurement System Standards ..... 26

E. Conflict of Interest Requirements ..... 28

IV. Property Management Systems ..... 29

A. Property Classifications ..... 29

B. Inventory Records ..... 30

C. Physical Inventory ..... 31

D. Maintenance ..... 31

E. Lost or Stolen Items ..... 31

F. Use of Equipment ..... 32

G. Disposal of Equipment ..... 32

H. Disposal of Supplies ..... 33

V. Written Compensation Policies ..... 33

A. Time and Effort ..... 33

VI. Record Keeping ..... 35

A. Record Retention ..... 35

B. Collection and Transmission of Records ..... 35

C. Access to Records ..... 36

D. Privacy ..... 36

VII. Legal Authorities and Helpful Resources ..... 36

## Introduction

This manual sets forth the policies and procedures used by Murfreesboro City Schools (the "District") to administer federal funds. The manual contains the internal controls and grant management standards used by the District to ensure that all federal funds are lawfully expended. It describes in detail the District's financial management system, including cash management procedures, procurement policies; inventory management protocols; procedures for determining the allowability of expenditures; time and effort reporting; record retention; and sub-recipient monitoring responsibilities.

New employees of the District, as well as incumbent employees, are expected to review this manual to gain familiarity and understanding of the District's rules and practices. If you have any questions regarding the administration of federal education grants, including questions related to specific federal grant programs, please do not hesitate to contact the applicable program office at the Tennessee Department of Education (TDOE).

## Financial Management System

The District 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 the return of funds or termination of the award.

### Financial Management Standards

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

***Identification of Awards:*** The District 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 Catalog of Federal Domestic Assistance (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 set forth in 2 C.F.R. §§ 200.328–329 and in the Education Department General Administrative Regulations (EDGAR) (34 C.F.R. §§ 75.1–79.13, 299.1–299.28).

***Accounting Records:*** The District must maintain records that sufficiently identify the amount, source, and expenditure of federal funds for federal awards. These records must contain information pertaining to grant or subgrant awards, authorizations, financial obligations,

unobligated balances, assets, expenditures, income, and interest and be supported by source documentation.

***Internal Controls:*** Effective control and accountability must be maintained for all funds, property, and assets. The District must safeguard all assets and ensure they are used solely for authorized purposes.

The District must establish, document, and maintain effective internal controls. "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
- Reliability of reporting for internal and external use
- Compliance with applicable laws and regulations

The District, as the local education agency (LEA), must evaluate and monitor its compliance. When instances of noncompliance are identified, the District takes prompt action to correct any identified noncompliance. The district follows (Governmental Accounting Standards Board) GASB and Financial Accounting Standards Board) FASB regulations relative to accounting process and reporting. Murfreesboro City Schools has adopted Policy 2.100 (Fiscal Management Goals) seeking to establish efficient procedures for accounting, reporting, purchasing and delivery, payroll, payment of vendor and contractors, and all other areas of fiscal management.

In addition, the LEA must take reasonable cybersecurity and other measures to safeguard information, including protected personally identifiable information (PII) and other types of information. This also includes information that the federal agency or pass-through entity designates as sensitive or other information that the LEA considers consistent with applicable privacy laws. (2 C.F.R. § 200.303(e)).

The student information, human resources and finance databases are hosted remotely through Secure Cloud Computing Services. This provider operates servers within its own facilities, located in the US, allowing secure access to all applications through a browser via the Internet. The SCC services are fully responsible for all aspects involved in database disaster, recovery, loading releases and updates, operating and maintaining host servers, software, and databases. Higher privileged access to any part of the software requires multifactor authentication.
Security rights are given according to security groups limiting access within each area to items relevant to staff responsibilities and are audited regularly. Higher privileged access to any part of the software requires multifactor authentication.

***Budget Control*:** Actual expenditures or outlays must be compared with budgeted amounts for each federal award.

***Cash Management:*** The District must maintain written procedures to implement the cash management requirements found in 2 C.F.R. § 200.305. These procedures are included within this manual.

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

## Overview of the Financial Management/Accounting System

Murfreesboro City Schools operates fiscally under the City of Murfreesboro, Tennessee, City Charter.
This Charter is specific to the City of Murfreesboro and governs the authorities and responsibilities of the District fiscal operations. Budgets and budget amendments are approved by the Board of Education with final approval by the Murfreesboro City Council. Final accounting services and functions are performed by District's Finance Department.

The District finance office for the District manages budget review, payroll, and accounts payable. Federal funds are processed through the District's Schools Federal Projects fund (142) and identified specifically using the State of Tennessee Standardized System of Accounting and Reporting Uniform Charts of Accounts or the County Uniform Chart of Accounts.

## 2024 Chart of Accounts

The District uses Skyward software for Payroll (Human Resources), Accounts Payable, Purchasing, General Ledger, Financial Reporting, Bank Reconciliation, and Cash Receipting. The payroll and accounting systems have the ability to collect, transmit, and store information. The system separately tracks revenue, expenditures, assets, liabilities and equity by federal award and is capable of preparing reports. The Skyward system is maintained by the District Technology Director.

Federal funds are identified in Skyward by grant description. Grant funds are identified by Federal Assistance Listing (FAL) number; federal award number and funding year in the State of Tennessee Department of Education's grant management system, ePlan, and supplemental files are maintained in the Finance Department.

The responsibility for compiling timely and accurate financial reports is shared by the Finance Department and Program Directors. Reports are reviewed by the Federal Bookkeeper, Finance Director and Program Directors at least monthly. The reports include monthly and cumulative expenditures, project budgets and balances remaining. All information is submitted in the State of Tennessee federal grants reporting system, ePlan, for the dual purpose of reporting timely expenditures and requesting reimbursement of funds.

The District has adopted Policy 2.700 (Accounting System) to address these requirements.

## Budgeting

**The Budget Process**

Expenditures must be aligned with approved budget items. Program directors are required to submit the proposed budgets to the State ePlan system by the required dates as outlined in grant assurances. The Finance Director along with program directors review the program budgets and program narratives to ensure allowability. Items that are determined to be unallowable will be adjusted appropriately. After review and consultation with the Director of Schools, the budget is forwarded to the Board of Education for approval by July 1 of each year. Carryover funds and changes to allocations are approved separately.

Program directors are required to submit the proposed budgets to the State ePlan system by the required dates as outlined in grant assurance. The Finance Director along with program directors review the budgets and program narratives to ensure allowability. See Section, Determining Allowability of Costs for a discussion on performing allowability determinations. If the Finance Director or program director determines that a cost is not allowable, then the items will be adjusted to meet the allowable costs and program needs. Once the Finance Director and program directors determines that all budgeted items are allowable, the budget is sent to the Director of Schools for final review and approval. Then the budget is presented to the Board of Education for approval by July 1 of each year.

After approval by the Board of Education, the budget is loaded into the accounting system for use of approved costs for the new fiscal year. The designated program directors (originators) then proceed with requesting purchase order approvals for department needs. These are reviewed by the Purchasing Agent, Finance Manager, Director of Finance, and the Director of Schools for approval or denial due to allowable costs related to each award. During the process, if anything is determined to be unallowable, the originator will be notified to adjust. If any changes to the budget are needed due to unallowable costs, then the finance staff and program director will review and submit revisions to the budget with approval by the Finance Manager or Director of Finance. The Director of Schools provides final district approval before the appropriate state officials provide final approval.

*After Receiving the Grant Award Notice (GAN)*

Upon receipt of a grant award notification, the program director will meet with staff benefiting from or overseeing the implementation of the grant to discuss adjustments that need to occur. If the allocation is changed (increased or decreased) the program director will determine the best use of the funds awarded.

*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, 200.329(e). When required, the District ensures it obtains timely budget amendments.

Program and Finance staff review and discuss revisions to the budget as changes in program needs and allocations are identified. The federal bookkeeper and program director initiates the budget revision process in ePlan and enters the revised line-item budget and narrative. Finance staff review the budget revision in ePlan and determine if any error or warning message exists. Errors must be corrected before the approval process may continue. The Finance Manager or Director (LEA Fiscal Representative) is authorized to approve budget revisions in ePlan. The Director of Schools provides final district approval and the appropriate state officials provide final approval.

Notification of approval is provided by the state through ePlan.

**Budget Control**

The district monitors its financial performance by comparing and analyzing actual results with budgeted results. The district continually monitors budget with actual expenditures. Revenue and Expenditure Reports showing budgeted and actual results are generated often and timely when analyzing budgets for federal grants. Because monitoring of grants is continuous, there are no significant differences in process. Budget amendments for new revenues are approved by both the Board and City Council

### Spending Grant Funds

The process used to determine what items (i.e. staff, goods and services) should be included in the budget is first and foremost specified in the needs assessment from the district or school improvement plan. District staff and school staff make decisions on specific items to be included based on current assessment of student and staff needs.

While developing and reviewing the grant budget, Program Directors and Finance staff should consider the difference between direct and indirect costs.

**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. 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:* Direct costs are those costs that can be identified specifically with a particular final cost objective, such as a federal award, or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy. 2 C.F.R. § 200.413(a). Direct costs are generally allowable if they are part of the program budget and they satisfy the Uniform Guidance's cost principles. Typical costs charged directly to a Federal award are the compensation of employees who work on that award, their related fringe benefit costs, and

the costs of materials and other items of expense incurred for the Federal award. 2 C.F.R. § 200.413(b).

Indirect Costs: Indirect costs are those that have been incurred for a common or joint purpose, benefitting more than one cost objective and are 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 Guidance, these costs are sometimes classified as "facilities and administration" costs ("F&A costs").

Pursuant to 2 C.F.R. § 200.413(c), the salaries of administrative and clerical staff should normally be treated as indirect costs. Direct charging of these costs may be appropriate only if all of the following conditions are met:

- Administrative or clerical services are integral to a project or activity;
- Individuals involved can be specifically identified with the project or activity; and
- The costs are also not recovered as indirect costs.

*Indirect Cost Rate:* A District can have two different 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. § 200.0 et seq. 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. §§ 76.563–76.569. The formula limits the general management costs that can be included in the indirect cost pool (numerator) and requires adjustments to the modified total direct costs ("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, Cost Allocation Guide for State and Local Governments (2009)).

The district utilizes restricted indirect cost rate due to the limitations of the programs within the district.

The Tennessee Department of Education (TDOE) calculates the District's restricted and unrestricted cost rates. The rate is fixed and calculated annually, valid from July 1 to June 30 of the applicable fiscal year. If the District chooses to negotiate the indirect cost rate, it works with TDOE to recalculate it. The director of schools certifies and approves the final rates, after which TDOE approves them.

Indirect costs are recovered only to the extent of direct costs incurred. The indirect cost rate is applied to the expended direct cost, not the grant award.

The source of information utilized to determine indirect cost rates is the District's Final Expenditure Report (FER) filed with TDOE annually by October 1. Therefore, the District must classify expenditures uniformly and consistently. Types of expenditures identified as indirect costs

shall not also be included as direct costs. All expenditures detailed on the FER have been incurred, and the District maintains records supporting those costs.

*Applying the Indirect Cost Rate:* Once the District has an approved indirect cost rate, the percentage is multiplied against the actual direct costs (excluding distorting items such as equipment, participant support costs, contracts in excess of $50,000, food supply costs within the school nutrition program, capital outlay, debt service, and transfers to other funds) incurred under a particular grant to produce the dollar amount of indirect costs allowable to that award. 34 C.F.R §§ 76.567, 76.569; 2 C.F.R. § 200.1 (*Modified Total Direct Cost (MTDC))*. Once the District applies the approved rate, the funds that may be claimed for indirect costs have no federal accountability and may be used as if they were non-federal funds. For Direct Grants, reimbursement of indirect costs is subject to the availability of funds and statutory or administrative restrictions. 34 C.F.R. § 75.564.

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 District will spend its grant funds, Program Directors and Finance staff 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. § 200.400 et seq., which are provided in the bulleted list below. Program Directors and Finance staff must consider these factors when making an allowability determination.

*Necessary and Reasonable for the performance of the federal award.* District staff must consider these elements when determining the reasonableness of a cost. A cost is reasonable if it does not exceed an amount that a prudent person would incur under the circumstances prevailing when the decision was made. 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 the federal award if the goods or services involved are chargeable or assignable to the federal award in accordance with the relative benefit received. This means that the federal grant program derived a benefit in proportion to the funds charged to the program. 2 C.F.R. § 200.405.

*Consistent with policies and procedures that apply uniformly to both federally financed and other activities of the District.*

*Conform to any limitations or exclusions set forth as cost principles in 2 C.F.R. § 200.0 et seq. 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 generally accepted accounting principles (GAAP), unless provided otherwise in 2 C.F.R. § 200.0 et seq.*

*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 recipient or subrecipient to contribute a certain amount of non-federal resources to be eligible for the federal program.

*Be the net of all applicable credits.* The term "applicable credits" refers to those receipts or reductions of expenditures that operate to offset or reduce expense items allocable to the federal award. Typical examples of such transactions are purchase discounts, rebates or allowances, recoveries or indemnities on losses, and adjustments of overpayments or erroneous charges. To the extent that such credits accruing to or received by the State relate to the federal award, they shall be credited to the federal award, either as a cost reduction or a cash refund, as appropriate. 2 C.F.R. § 200.406.

*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.

**Selected Items of Cost**

2 C.F.R. § 200.0 et seq. examines the allowability of 55 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.

District personnel responsible for spending federal grant funds and for determining allowability must be familiar with the 2 C.F.R. § 200.0 et seq. selected items of cost section. The District must follow these rules when charging these specific expenditures to a federal grant. When applicable, District staff must check costs against the selected items of cost requirements to ensure the cost is allowable. In addition, State, District, and program-specific rules may deem a cost as unallowable, and District personnel must follow those non-federal rules as well.

The selected item of cost addressed in 2 C.F.R. §§ 200.420–200.476 includes the following (in alphabetical order):

| **Item of Cost** | **Citation of Allowability Rule** |
|---|---|
| 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 services costs | 2 C.F.R. § 200.459 |
| Proposal costs | 2 C.F.R. § 200.460 |
| Publication and printing costs | 2 C.F.R. § 200.461 |

| | |
|---|---|
| Rearrangement and reconversion costs | 2 C.F.R. § 200.462 |
| Recruiting costs | 2 C.F.R. § 200.463 |
| Relocation costs of employees | 2 C.F.R. § 200.464 |
| Rental costs of real property and equipment | 2 C.F.R. § 200.465 |
| Scholarships, 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 |
| Telecommunication 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 regulations, 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 District 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, 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) (20 U.S.C. § 6301 et seq.) or the Carl D. Perkins Career and Technical Education Act (Perkins) (20 U.S.C. § 2301 et seq.)), along with accompanying program regulations, non-regulatory guidance, and grant award notifications.

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

**Frequent Questioned Costs**

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

*Travel:* Travel costs are the expenses for transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of a grant recipient. Such costs may be charged on an actual cost basis, on a per diem or mileage basis in lieu of actual costs

incurred, or on a combination of the two, provided the method used is applied to an entire trip and not selected days of the trip, and results in charges consistent with those normally allowed in like circumstances in the recipient's non-federally funded activities and in accordance with the recipient's written travel reimbursement policies. 2 C.F.R. § 200.475(a).

THE DISTRICT Travel AD

Costs incurred by employees and officers for travel, including costs of lodging, other subsistence, and incidental expenses, must be considered reasonable and otherwise allowable only to the extent such costs do not exceed charges normally allowed by the District in its regular operations as a result of its written travel 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 District's established written policy. 2 C.F.R. § 200.475(b).

In addition to cost principles and standards described above, Program Directors and Instructional and Finance staff can refer to this section for a useful framework when performing an allowability analysis. To determine whether federal funds may be used to purchase a specific cost, it is helpful to ask the following questions:

- Is the proposed cost allowable under the relevant program?
- Is the proposed cost consistent with an approved program plan or budget?
- Is the proposed cost consistent with program specific fiscal rules?
- Is the proposed cost consistent with EDGAR?
- Is the proposed cost consistent with specific conditions imposed on the grant, if applicable?

As a practical matter, Program Directors, Instructional Staff, and Finance staff should also consider whether the proposed cost is consistent with the underlying needs of the program. For example, program funds must benefit the appropriate population of students for which they are allocated. Funds should be targeted to address areas of weakness, as necessary. To make this determination, Program Directors and Instructional staff should review data when making purchases to ensure that federal funds are used to meet these areas of concern.

*Participant Support Costs:* The District 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.

CS classifies specific expenditures as **Participant Support Costs** in alignment with the definitions and guidance provided under **2 CFR §200.1**, which defines participant support costs as "direct costs for items such as stipends or subsistence allowances, travel allowances, and registration fees paid to or on behalf of participants or trainees (but not employees) in connection with conferences, or training projects."

**1. Parent Mileage Reimbursement:**
The District reimburses mileage to parents who participate in allowable programmatic activities such as workshops, family engagement sessions, or training events that support student academic

achievement. These reimbursements are considered Participant Support Costs, as parents are non-employee participants engaged in activities that are necessary and reasonable for the success of the federal program, and the mileage reimbursement constitutes a travel allowance.

**2. Title II Professional Development Activities:**
For professional development activities funded under Title II, THE DISTRICT classifies allowable costs associated with **non-employee participants**—such as stipends, travel, or registration fees for guest speakers, external consultants, or educators not on the district payroll—as Participant Support Costs. These costs directly support the goals of the training initiative and fall within the scope of allowable participant support expenses under federal guidelines.

All participant support costs are budgeted, tracked, and reported in accordance with federal requirements and with prior written approval from the awarding agency when required.

## Federal Cash Management Policy/Procedures

The District 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 District receives payment from TDOE on a reimbursement basis. 2 C.F.R. § 200.305. That means the District will initially charge federal grant expenditures to nonfederal funds and then seek reimbursement of those expenditures.

The District federal bookkeeper will request reimbursement for actual expenditures incurred under the federal grants awarded to the District.

Reimbursement requests will be submitted to TDOE using the ePlan grants management system. All reimbursements are based on actual disbursements, not on obligations. The reimbursements will follow current District policies and procedures for all documentation and approval. This will allow the program director and finance staff review for allowable costs and align with approved budgeted line items.

TDOE will generally process reimbursement requests within five to seven business days.

Consistent with state and federal requirements, the District will maintain source documentation supporting the federal expenditures (purchase orders, contracts, itemized receipts, invoices, proof of payment, timesheets, payroll stubs, payroll journals, etc.) and will make such documentation available for TDOE review upon request.

Reimbursements of actual expenditures do not require interest calculations.

*Advances*: The District will comply with applicable methods and procedures for payment that minimize the time elapsing between the transfer of funds and disbursement by the District, in accordance with the Cash Management Improvement Act (31 U.S.C. § 6501 et seq.; 31 C.F.R. §

205.1 et seq.). Generally, spending federal funds within 72 hours of receipt is considered best practice.

The District will hold federal advance payments in interest-bearing accounts, unless an allowable exception applies. 2 C.F.R. § 200.305(b)(10). The District will calculate interest earned on cash balances after funds are deposited into the District's account. The District 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 District 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).

## Timely Obligation of Funds

**When Obligations are Made**

Financial obligations are 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 that the District makes a binding written commitment to acquire the property. |
| Personal services by an employee of the District | When the services are performed. |
| Personal services by a contractor who is not an employee of the District | On the date that the District makes a binding written commitment to obtain the services. |
| Public utility services | When the District receives the services. |
| Travel | When the travel is taken. |
| Rental of property | When the District uses the property. |
| A pre-agreement cost that was properly approved by the Secretary under the cost principles in 2 C.F.R. § 200.400 et seq. | On the first day of the project period. |

34 C.F.R. §§ 75.707, 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. §§ 76.703, 76.707. The 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 District is authorized to spend award funds. For a cost to be allowable, it must be incurred 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:* Generally, 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 District will always plan to spend all current grant funds within the year the grant was appropriated for, the period of obligation for any grant that is covered by the "Tydings Amendment" is 27 months, extending from July 1 of the fiscal year for which the funds were appropriated through September 30 of the second following fiscal year. *See* 20 U.S.C. § 1225. 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, 2025, would remain available for obligation through September 30, 2027.

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

**Closeout**

The District must submit all reports (financial, performance, and other reports required by the subaward) to TDOE and liquidate all financial obligations incurred under the award not later than 90 days (unless there is a shorter State timeframe) after the end of the funding period, unless an extension is authorized. When justified, the federal agency or pass-through may approve extensions for the District. 2 C.F.R. § 200.344. Any funds not obligated within the period of availability or liquidated within the appropriate timeframe are said to lapse and must be returned to the federal agency. 2 C.F.R. § 200.344(e). Consequently, the District closely monitors grant spending throughout the grant cycle.

**Carryover**

*State-Administered Grants:* As described above, the Tydings Amendment (20 U.S.C. § 1225) extends the period of availability for applicable State-administered program funds. Essentially, it permits recipients to "carry over" 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(a). Accordingly, the District may have multiple years of grant funds available under the same program at the same time.

While the District will always plan to spend all current grant funds within the year the grant was appropriated for, the period of obligation for any grant that is covered by the "Tydings Amendment" is 27 months, extending from July 1 of the fiscal year for which the funds were appropriated through September 30 of the second following fiscal year. This maximum period includes a 15-month period of initial availability, plus a 12-month period for carryover. 31 C.F.R. § 76.709.

*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 District is authorized to extend a direct grant automatically for one 12-month period, subject to conditions in 2 C.F.R. § 200.308(g)(2)(i)–(iii). If the District is permitted to make a one-time extension without prior approval, the District must provide written notice to the federal 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 may not be exercised merely for the purpose of using unobligated balances.

The Federal Program Director and Director of Schools will make this decision, with the Director of Schools making the final approval. Specific details per the awarding agency will be provided in a written notice from the Federal Programs Director.

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

- 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).

The District will provide written notice to the federal awarding agency at least ten (10) calendar days before the end of the period of performance specified in the award.

### 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(e).

**Use of Program Income**

The default method for the use of program income for the District 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. Program income will only be used for costs incurred during the period of performance unless the District is otherwise directed by the federal agency or pass-through entity. 2 C.F.R. § 200.307. The LEA may also request prior approval from the federal agency to use the addition method. Under the addition method, program income may be added to the federal award by the federal agency and the non-federal entity. The program income must then be used for the purposes and under the conditions of the Federal award. 2 C.F.R. § 200.307.

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

The District does not receive program income

## Procurement System

### A. Procurement Methods

The type of purchase procedures required depends on the cost of the item(s) being purchased. Once the purchase is ready to be made, the program director and/or an appointed designee will initiate the purchase with a requisition through the accounting/purchasing software of the district. Then, it will flow through approvals to each level of permission with the final approval by the Director of Schools.

**Purchases up to $5,000 (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 $5,000. The micro-purchase method is used 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 maximum extent practicable, the District distributes micro-purchases equitably among qualified suppliers. Micro-purchases may be awarded without soliciting competitive price or rate quotations if the District considers the price to be reasonable based on research, experience, purchase history, or other information. 2 C.F.R. § 200.320(a)(1)(ii). Purchase cards can be used

for micro-purchases if procedures are documented and approved by the District. The District maintains evidence of this reasonableness in the records of all micro-purchases.

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

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

In addition, under 2 C.F.R. § 200.320(a)(1)(v), the District 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 District is a low-risk auditee or that it receives an annual internal institutional risk assessment.

**Purchases between $10,000 and $250,000 (Simplified Acquisition Procedures)**

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 $250,000. The District 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 must be obtained from an adequate number of qualified sources. Unless specified by the Federal agency, the District may exercise judgment in determining what number is adequate.

Per Board policy 2808: the District adopted a simplified acquisition procedures of $25,000 to $50,000. These contracts will be reported to the School Board each month for approval. These purchases require 3 written quotes which can be obtained by the program director, a designee, or the purchasing agent.

**Purchases Over $250,000**

*Sealed Bids (Formal Advertising):* For purchases over $250,000, bids are publicly solicited 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 and services. Sealed bids are feasible when the following conditions from 2 C.F.R. § 200.320(b)(1)(i) exist:

- 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; and

- 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 from 2 C.F.R. § 200.320(b)(1)(ii) 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.
- The recipient or subrecipient shall document and provide a justification for all rejected bids.

*Competitive Proposals:* A procurement method used when conditions are not appropriate for using sealed bids. 2 C.F.R. § 200.320(b)(2). This procurement method may result in either a fixed price or a 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. All proposals must be considered to the maximum extent practical.
- Proposals must be solicited from multiple qualified sources.
- The District must have 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 District 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 the 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.

Per Board Policy 2.806: all purchases in excess of fifty thousand dollars ($50,000), including those by individual schools, shall be based on competitive bids. These bids shall be solicited by

advertisement in a newspaper of general circulation within the school system. The purchasing agent shall advertise for bids and receive quotations.

The lowest and/or best bid shall be accepted, provided the purchaser reserves the right to reject any or all bids or any part of any bid and, if applicable, to accept the bid which is best as evidenced by reasons relative to the purpose of the purchase.

Contracts for legal services, educational consultants, and similar services by professional persons or groups of high ethical standards shall not be based upon competitive bids but shall be awarded on the basis of recognized competence and integrity.

The bidder to whom the award is made may be required to enter into a written contract.

For competitive proposals, the Uniform Guidance requires recipients to have a written method for conducting technical evaluations of the proposals received and for selecting recipients. Use this section to describe this method. The method should address, among other issues, the factors considered in the evaluation, what position/office performs the evaluation, the number of evaluations performed, the timeframe for conducting any evaluations, the selection of a vendor, and whether another position reviews the evaluation.

*Contract/Price Analysis:* The District performs a cost or price analysis for every procurement action in excess of $250,000, 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 District should consider potential workforce impacts in their analysis if the procurement transaction will displace public sector employees); however, the Program Director and/or Purchasing Agent must come to an independent estimate prior to receiving bids or proposals. 2 C.F.R. § 200.324(a).

Prior analysis of previous purchases, contracts or general quotes is gathered and used to assist in determining the best procurement method.

**Noncompetitive Proposals (Sole Sourcing)**

There are specific circumstances in which noncompetitive procurement can be used. Pursuant to 2 C.F.R. § 200.320(c), noncompetitive procurement methods 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; or

- After solicitation of several sources, the competition is determined to be inadequate.

***Educational Consultants and Similar Services***

Tenn. Code Ann. § 12-3-1209(a) requires:

> "Contracts by counties, cities, metropolitan governments, towns, utility districts, and other municipal and public corporations of the state, for legal services, fiscal agent, financial advisor or advisory services, services from an insurance producer, as that term is defined in [Tenn. Code Ann.] § 56-6-102, educational consultant services, and similar services by professional persons or groups of high ethical standards, shall not be based upon competitive solicitations, but shall be awarded on the basis of recognized competence and integrity. The prohibition against competitive soliciting in this [section] does not prohibit an entity enumerated from interviewing eligible persons or entities to determine the capabilities of such persons or entities."

However, the federal rules are more restrictive and only allow non-competitive procurement in the five situations listed above. Therefore, this exception does not apply to purchases made with federal funds. To procure educational consultants through sole sourcing in accordance with this State code, the procurement must be paid with State or local funds.

### B. Purchase Cards

Director of Finance must receive a written request for any employee in the district to apply for a credit card. Board policy 2.801 defines the procedure and definition of all items considered "credit cards"; also, the Finance department maintains an approved purchasing card solely for the use of the district office.

The purchase cards are stored in the Finance office, located in a secure location with limited access. The use of the purchase cards can be checked out after a PO is approved for a related purchase for vendors who do not accept a PO or check. Also, the purchase card can be used for emergency situations. The individual or program making the purchase will get receive prior approval before coming to the office to obtain the card.

MCS A.D. 2.801.1 outlines all scenarios and defines the need of each credit card and expenses.

C. Employees must first receive written authorization from the Director of Finance to apply for a credit card in the name of the school or district. “Credit card” means any bank-issued credit card account, store-issued credit card account (p-card), financial institution-issued credit card account, or any other card account allowing the holder to purchase goods or services on credit or to transact with the account and any debit or gift card account related to the receipt of grant funds.

D. District credit cards shall by maintained by the Director of Finance through procedures developed and maintained in the Finance Department for the purchase of appropriate goods and services for district or school-related purposes only. All credit cards will be kept in a secure location at the central office and the account number will remain confidential.

E. Credit card users shall be held accountable for appropriate use of credit cards/credit lines. Use of a credit card/credit line for unauthorized purchases shall be grounds for disciplinary action, including termination of employment. Unauthorized purchases include, but are not limited to, cash advances, personal items, and purchases that do not have adequate supporting documentation. Employees will be required to reimburse the school district for any unauthorized purchases. If an employee fails to reimburse the district, the district may deduct the amount from the employee’s paycheck or hold the employee’s paycheck until payment is made. Cash advances using district credit cards are strictly prohibited.

F. Any employee that purchases items with the credit card or through an approved credit line shall follow the guidelines outlines below:

G. 1. Original receipts for each purchase shall be turned in to the bookkeeper or Purchasing Agent within twenty-four (24) business hours of purchase.

H. 2. The bookkeeper or Purchasing Agent shall validate that purchases documented by the original receipt match the physical inventory that was purchased.

I. 3. All purchases shall be for the school district; under no circumstances can a credit card or credit line be used to make personal purchases.

J. 4. The credit card user or department will be responsible for any incurred finance or late charges.

### K. 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. §§ 200.319–200.320. 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. Pursuant to 2 C.F.R. § 200.319, 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 that preclude potential bidders from qualifying (2 C.F.R. § 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 (2 C.F.R. § 200.319(d)).
- Any arbitrary action in the procurement process.

The Uniform Guidance further requires the following to ensure adequate competition.

**Contractor Preferences**

The District 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 the following:

- Contractor integrity
- Public policy compliance
- Proper classification of employees under the Fair Labor Standards Act (29 U.S.C. § 201 et seq.)
- Past performance record
- Financial and technical resources

The District 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 District should, to the greatest extent practicable and consistent with law, provide a preference for the purchase, or acquisition, of goods and products produced in the United States. 2 C.F.R. § 200.322(a). The District must include this preference in all subawards, contracts, and purchase orders for work or products under Federal awards.

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

When possible, the District should consider small businesses, minority businesses, women's businesses, veteran-owned businesses, and labor surplus area firms. 2 C.F.R. § 200.321. 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
- Using 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

To ensure compliance with Uniform Grant Guidance (UGG) and promote economic opportunity and equity, the District proactively includes **small**, **minority-owned**, **women-owned**, **veteran-owned**, and **labor surplus area firms** in its procurement processes funded by federal grants.

The District employs the following strategies to support equitable participation in contracting opportunities:

1. **Outreach and Bid Notification**
   The District advertises procurement opportunities through multiple channels, including those that reach historically underutilized businesses (HUBs), such as:
   - Minority- and women-owned business directories
   - Local and regional chambers of commerce
   - Veteran-owned business networks
   - Platforms serving labor surplus areas
2. **Diverse Vendor Inclusion in Solicitations**
   The District ensures that small and disadvantaged businesses are included on solicitation lists where possible and practicable, especially for competitive procurements involving federal grant funds.
3. **Encouragement of Subcontracting Opportunities**
   Prime contractors are encouraged to provide subcontracting opportunities to small, minority, women, and veteran-owned businesses. Solicitations may include language encouraging diversity in subcontracting plans.
4. **Reduced Barriers to Entry**
   The District simplifies solicitation documents and procurement procedures where feasible to remove unnecessary burdens for small and emerging businesses, ensuring that procurement opportunities are accessible to a broad vendor base.
5. **Vendor Registration and Tracking**
   The District maintains a vendor registration process that allows businesses to self-identify as small, minority-owned, women-owned, or veteran-owned. The District monitors vendor engagement to assess and improve inclusive practices.
6. **Support for Labor Surplus Area Firms**
   In alignment with federal regulations, The District gives due consideration to firms located in **Labor Surplus Areas**, supporting economic recovery in distressed regions when consistent with efficient performance.

7. **Technical Assistance and Training**
   The District offers guidance to help small and diverse vendors navigate procurement processes, including how to respond to bids, register as a vendor, and comply with federal procurement standards.

**Commitment to Compliance:**
These practices reflect The District 's commitment to the principles of equity, transparency, and full compliance with **2 CFR §200.321**. All procurement activities funded with federal dollars follow the procurement standards outlined in **2 CFR Part 200, Subpart D** to ensure fair competition and responsible stewardship of public funds.

**Prohibition on Certain Telecommunications Companies**

The District 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. 2 C.F.R. § 200.216(a). 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(b). To meet this requirement, the finance department will check sam.gov to ensure the vendor is not excluded for this reason. *See* Office of Management and Budget (OMB), 2 C.F.R. Frequently Asked Questions (2021).

**Never Contract with the Enemy**

The District complies with the regulations implementing Never Contract with the Enemy in 2 C.F.R. §§ 183.5–183.35 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 District 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. 2 C.F.R. § 200.319(e). When establishing or amending prequalified lists, the recipient or subrecipient must consider objective factors that evaluate price and cost to maximize competition. Also, the District must not preclude potential bidders from qualifying during the solicitation period.

**Recovered Materials**

The District 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. Executive Order No. 14057, Section 101 (48 C.F.R. § 23.002).

**Solicitation Language**

The District must ensure that all solicitations incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. 2 C.F.R. § 200.319(d). Such a description must not, in competitive procurements, contain features which unduly restrict competition. The description may include a statement of the qualitative nature of the material, product, or service to be procured and, when necessary, must set forth those minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use. Detailed product specifications should be avoided if 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 brand name must be clearly stated and identify all requirements that the offerors must fulfill and all other factors to be used in evaluating bids or proposals. 2 C.F.R. § 200.319(d).

## L. Federal Procurement System Standards

**Avoiding Acquisition of Unnecessary or Duplicative Items**

The District must avoid the acquisition of unnecessary or duplicative items. 2 C.F.R. § 200.318(d). 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 District is encouraged to enter into State and local intergovernmental agreements for procurement transactions. These or similar procurement arrangements using strategic sourcing may foster greater economy. Documented procurement actions of this type (using strategic sourcing, shared services, and other similar procurement arrangements) will meet the competition requirements of the Uniform Guidance.

**Use of Federal Excess and Surplus Property**

The District considers the use of federal excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs. 2 C.F.R. § 200.318(f).

**Debarment and Suspension**

The District awards contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be

given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources. Appendix II to 2 C.F.R. § 200.0 et seq., Section (H); 2 C.F.R. §§ 180.5 et seq.

The District 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 finance department will ensure this is met by either:

a. Checking SAM at 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 District must maintain records sufficient to detail the history of all procurements. These records will include, but are not necessarily limited to, the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, the basis for the contract price (including a cost or price analysis), and verification that the contractor is not suspended or debarred. Records are maintained in accordance with this manual.

**Time and Materials Contracts**

The District may use a time-and-materials type contract only (1) after a determination that no other contract is suitable; and (2) if the contract includes a ceiling price that the contractor exceeds at its own risk. Time-and-materials type contract means a contract whose cost to the District is the sum of: the actual costs of materials and direct labor hours charged at fixed hourly rates that reflect wages, general and administrative expenses, and profit.

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

**Pre-Procurement Documents**

In accordance with 2 C.F.R. § 200.325, the District will make available upon request from TDOE or the federal agency all procurement documents for pre-procurement review, such as requests for proposals, invitations for bids, or independent cost estimates. The District 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 District alone is responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising out of

procurements. These issues include, but are not limited to, source evaluation, protests, disputes, and claims. These standards do not relieve the District of any contractual responsibilities under its contracts. The District must report violations of law to the local, State, or federal authority having proper jurisdiction.

**Protest Procedures to Resolve Disputes**

The District maintains protest procedures to handle and resolve disputes relating to procurements and, in all instances, discloses information regarding the protest to the federal agency.

**Contract Administration**

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

**Contract Provisions**

In all federally-funded contracts, the District includes the required federal, State, and local provisions, including the applicable provisions described in Appendix II to 2 C.F.R. § 200.0 et seq. 2 C.F.R. § 200.327.

## M. Conflict of Interest Requirements

**Standards of Conduct**

In accordance with 2 C.F.R. § 200.318(c)(1), the District 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 District may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts, unless the gift is an unsolicited item of nominal value.

MCS A.D. 2.401

**Whistleblower protections**

Pursuant to 2 C.F.R. § 200.217, 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 41 U.S.C. § 4712(a)(2) 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. 42 U.S.C. § 4712.

**Organizational Conflicts**

The district does not have a parent, affiliate, or subsidiary organizations that are not a state or local government entity.

**Disciplinary Actions**

**MCS A.D. 5.200.1**

**Mandatory Disclosure**

Per 2 C.F.R. § 200.112, the District must disclose in writing any potential conflict of interest to the federal agency or pass-through in accordance with the federal agency's conflicts policies.

Also, the District must promptly disclose whenever it has credible evidence of the commission of a violation of federal criminal law involving fraud, conflict of interest, bribery, or gratuity violations under the Civil False Claims Act (31 U.S.C. §§ 3729–3733). Failure to report can result in remedies for noncompliance per 2 C.F.R. §§ 200.113, 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.

## Property Management Systems

### A. Property Classifications

Equipment means tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost that equals or exceeds the lesser of the capitalization level established by the District 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 District for financial statement purposes or $10,000, regardless of the length of its useful life. 2 C.F.R. § 200.1 *(Supply)*.

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)*.

Pilferable/ Sensitive assets are defined by A.D. 2.702.2 and the management of assets is followed by the policy written.

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. 2 C.F.R. § 200.1 *(Capital assets)*. Capital assets include:

- Land, buildings (facilities), equipment, and intellectual property (including software), whether acquired by purchase, construction, manufacture, lease-purchase, exchange, or through capital leases; and
- Additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations, or alterations to capital assets that materially increase their value or useful life (not ordinary repairs and maintenance).

### B. Inventory Records

For equipment and sensitive non-capital assets purchased with federal funds are inventoried in excel. The following information is maintained:

- Description of property
- Serial number or other identification number
- Source of funding for the property (including the FAIN)
- Title holder
- Acquisition date
- Cost of the property
- Percentage of federal contribution toward the original purchase
- Location
- Use and condition of the property
- Any disposition data, including the date of disposal and sale price of the property

Inventory is received at the Central Office Warehouse or at individual schools. When received at the Central Office, the warehouse manager or designee receives and signs for items. The warehouse manager logs and delivers the items to the appropriate department where items are signed for by department staff as received. The receiving log is kept in the receiving office and includes the following data: date, courier, sent to, sent by, quantity (number of boxes), purchase order number, and picked up by. The department inspects the property to verify good condition and consistency with the purchase order and invoice. If received by an individual school, the school office staff receives and signs for the property and verifies the condition and consistency with the purchase order and invoice.

Inventory items are tagged by the Fixed Assert/GL Accountant and logged into the District's property management system. The district technology staff is responsible for configuring or installing certain types of equipment and/or computing devices.

The District is responsible for maintaining and *updating* property records when there is a change in the status of the property. 2 C.F.R. § 200.313(d).

Physical Inventory

A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years. 2 C.F.R. § 200.313

MCS A.D. 2.702.2

### C. Maintenance

In accordance with 2 C.F.R. § 200.313(d)(4), the District maintains regular, adequate maintenance procedures to ensure that property is kept in good and proper working condition.

District property is to be used for district purposes only. Personal use of district inventory is not permitted. If any item is broken, a work order is submitted to the appropriate department for repair.

MCS A.D. 2.403

MCS A.D. 2.702

### D. Lost or Stolen Items

The District maintains a control system that ensures adequate safeguards are in place to prevent loss, damage, or theft of the property. Any loss, damage, or theft of equipment must be investigated. The District 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. 2 C.F.R. § 200.313(d)(3).

An official of any agency of the state having knowledge that a theft, forgery, credit card fraud, or any other act of unlawful or unauthorized taking, or abuse of, public money, property, or services, or other shortages of public funds has occurred shall report the information immediately to the office of the comptroller of the treasury. Tenn. Code Ann.§ 8-19-501.

District vehicles and computing devices are allowed to be taken off-site. Each principal/district department administrator is responsible for maintaining a check list of such property assigned to an employee under their administration. The staff is responsible for safeguarding property in their care. Vehicles have government tags registered to the district. The District emblem is affixed to District vehicles. Computing property is tagged by the technology department with a barcode tag identifying the item as property of the school district. Equipment that is lost or stolen is to be reported to the principal/district department head as soon as the item is noticed missing. A thorough search is conducted and when appropriate, a police and insurance report filed.

Annual agreements are signed at individual schools and staff is responsible for safeguarding said property for federal programs property.

MCS A.D. 2.702.1

### E. 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 District will not encumber the property without prior approval of the federal agency and the pass-through entity. 2 C.F.R. § 200.313. When no longer needed for the original program or project, the equipment may be used in other activities supported by the federal agency, in the following order of priority: (1) activities under a federal award from the federal agency which funded the original program or project; then (2) activities under federal awards from other federal agencies.

During the time equipment is used on the project or program for which it was acquired, the equipment will also be made available for use on other projects or programs currently or previously supported by the federal government, provided that such use will not interfere with the work on the projects or program for which it was originally acquired. First preference for other use must be given to other programs or projects supported by the federal agency that financed the equipment. Second preference is given to programs or projects under federal awards from other federal 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.

MCS Board Policy 2.403 Surplus Property Sales

MCS Board Policy 2.702 Inventories

### F. 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 agency, The District Finance Department coordinates will contact the federal 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 $5,000 or less, it may be retained, sold, or otherwise disposed of with no further obligation to the federal agency. If the item has a current FMV of more than $5,000 the federal agency or pass-through entity is entitled to the federal share of the current market value or sales proceeds. The District may retain $1,000 to cover expenses associated with the selling and handling of the equipment. 2 C.F.R. § 200.313(e)(2).

If acquiring replacement equipment, the District may use the equipment to be replaced as a trade-in or sell the property and use the proceeds to offset the cost of the replacement property.

MCS A.D 2.403.1

**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.

### G. 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. 2 C.F.R. § 200.314.

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 District 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 toward the cost of the original purchase(s) by the current market value or proceeds from the sale. The District may retain $1,000 to cover expenses associated with the selling and handling of the equipment. 2 C.F.R. § 200.314.

- Unused supplies mean 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.

MCS Board Policy 2.403 Surplus Property Sales

MCS A.D. 2.702.1

MCS A.D 2.805.1

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

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

- Be supported by a system of internal controls that 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 District on an integrated basis;
- Comply with the established accounting policies and practices of the District; and
- Support the distribution of the employee's salary or wages among specific activities or costs objectives.

Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to federal awards but may be used for interim accounting purposes provided that the system for establishing the estimates produces reasonable approximations of the activity actually performed. 2 C.F.R. § 200.430(g)(1)(vii). **Time and Effort Procedures**

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

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

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

All employees who work on multiple cost objectives must complete Personnel Activity Report 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 and coincide with one or more pay periods; and
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 District ensures that all necessary adjustments are made such that the final amount charged to all Federal awards is accurate, allocable, and properly allocated. 2 C.F.R. § 200.430(g)(1)(vii)(C).

Finance will provide Expenditure Reports at least monthly to Program Directors. Payroll Reports will also be made available to Program Directors at least quarterly. Program and finance reviews

amounts at least bi-annually. All necessary adjustments are made to the budget in ePlan before anticipated expenditures overdraw a budgeted line-item by more than ten percent (10%).

Budgets posted in ePlan are reconciled to the District's budget information recorded in the accounting system, Skyward, when budgets are approved or revised. Final budgets are reconciled at the end of each fiscal year.

The final budgets recorded will be certified with the Program Director approving the Time and Effort certifications and the federal bookkeeper reviews and enters the FERS into ePlan for final district approvals.

## Record Keeping

### A. Record Retention

The District 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. §§ 75.730–75.731, 76.730–76.731 . The District also maintains records of significant project experiences and results. 34 C.F.R. § 75.732. These records and accounts must be retained and made available for programmatic or financial audit.

The District follows the State record retention policies. More information is available from the following County Technical Assistance Service (CTAS) guidance: Department of Education Records.

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. *See* 34 C.F.R. § 81.31(c). Therefore, the District retains records for a minimum of five (5) years from the date on which the final Financial Expenditure Report is submitted, unless otherwise notified in writing to extend the retention period by the federal 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.

All records are shredded by a third-party vendor based on the 5 year rotation of records

Collection and Transmission of Records

When practicable, the District must collect, transmit, and store Federal award information in an open, non-licensed, and machine-readable format. The District 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 reasonable safeguards against alteration of records and assurance that records remain in a format readable by a computer system.

The District maintains records of all original and paper copies, on site in a secure room for the finance department's access for any requests or reviews. Any electronic documents are stored and secured via the District policy through the IT department's procedures.

### B. Access to Records

The District provides the federal agency, Inspectors General, the Comptroller General of the United States, and the pass-through entity, or any of their authorized representatives the right of access to any documents, papers, or other records of the District which are pertinent to the Federal award to perform audits, execute visits, examinations, excerpts, other official use, and transcripts. The right also includes timely and reasonable access to the District's personnel for the purpose of interview and discussion related to such documents or the Federal award in general. 2 C.F.R. § 300.337.

### C. Privacy

The district conducts monthly "phishing" training and track failure rates and takes action to reduce end users "clicking" on what they should not.
Emails from outside of the organization are "tagged" for identification as external.
The district has advanced end point detection, protection and response tools on all devices that access company resources.
The district utilizes 24/7/365 endpoint security monitoring on servers, finance devices and on high value end user devices such as mine, the Director of Schools and other Assistant Superintendents.
The district is currently working to place this same security on EVERY district device thanks to being awarded a grant of 1800 agents to deploy on all Windows devices.
The district uses Multi-Factor Authentication (MFA) to access email, remote access, privileged accounts and all critical Internet facing systems.
Our password policy requires regular resets with a minimum length and complexity.
Our backups are immutable and "air gapped" to ensure the integrity and reliability of applications and data.
The district maintains a disaster recovery plan to address network security incidents.
The district maintains a Cybersecurity retainer annually with Cisco Talos for immediate response in the event of a cybersecurity event.

## Legal Authorities and Helpful Resources

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

- Education Department General Administrative Regulations (EDGAR)
  - http://www2.ed.gov/policy/fund/reg/edgarReg/edgar.html

- Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (2 C.F.R. § 200.0 et seq.)
  - http://www.ecfr.gov/cgi-bin/text-idx?SID=ccccf77e01c9e6d4b3a377815f411704&node=pt2.1.200&rgn=div5

- U.S. Department of Education's Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (2 C.F.R. §§ 3474.1–3474.21)
  - http://www.ecfr.gov/cgi-bin/text-idx?SID=ccccf77e01c9e6d4b3a377815f411704&tpl=/ecfrbrowse/Title02/2cfr3474_main_02.tpl

- Federal program statutes, regulations, and guidance
  - http://www.ed.gov/