

Federal Grant Administration Guidelines

The following documents internal controls that are required to be in writing for federal grants in accordance with the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”. The Uniform Guidance establishes standards for financial and program management for recipients of federal grant awards.

Part I – Payments

Refer to the Iredell-Statesville Schools (“I-SS”) Federal Awards Cash Management Plan.

Part II – Procurement

Refer to the I-SS Purchasing Manual and applicable I-SS Board Policies

Part III – Competition

Refer to the I-SS Purchasing Manual and applicable I-SS Board Policies

Part IV – Method for Evaluation and Selection

Refer to the I-SS Purchasing Manual and applicable I-SS Board Policies

Part V – Allowable Costs

Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

1. Be necessary and reasonable for the performance of the Federal award
2. Conform to any limitations or exclusions set forth in the Federal award as to types or amount of cost items
3. Be consistent with policies and procedures that apply uniformly to both Federal awards and other activities of the Board
4. Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
5. Not be included as a cost or used to meet cost sharing or matching requirements of any other Federal award in either the current or a prior period.
6. Be adequately documented.

A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost.

A cost is allocable to a particular Federal award if the goods or services involved are chargeable or assignable to that Federal award in accordance with the relative benefits received. This standard is met if the cost:

1. Is incurred specifically for the Federal award;
2. Benefits both the Federal award and other work of the Board and can be distributed in proportions that may be approximated using reasonable methods; and
3. Is necessary to the overall operation of the Board and is assignable in part to the Federal award

All activities which benefit from the Board’s indirect cost, including unallowable activities and donated services by the Board or third parties, will receive an appropriate allocation of indirect costs.

Any cost allocable to a particular Federal award may not be charged to other Federal awards to overcome fund deficiencies, to avoid restrictions imposed by Federal statutes, regulations, or terms and conditions of Federal awards, or for other reasons. This prohibition does not preclude the Board from shifting costs that are allowable under two or more Federal awards in accordance with existing Federal and State statutes, regulations, or the terms and conditions of the Federal awards.

If a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost must be allocated to the projects based on the proportional benefit. If a cost benefits two or more projects or activities in proportions that cannot be determined because of the interrelationship of the work involved, then the costs may be allocated or transferred to benefitted projects on any reasonable documented basis. Where the purchase of equipment or other capital asset is specifically authorized under a Federal award, the costs are assignable to the Federal award regardless of the use that may be made of the equipment or other capital asset involved when no longer needed for the purpose for which it was originally required.

To the extent that purchase discounts, rebates or allowances, recoveries or indemnities on losses, insurance refunds or rebates, and adjustments of overpayments or erroneous charges accruing to or received by the Board relate to allowable costs of a Federal award, they must be credited to the Federal award either as a cost reduction or cash refund, as appropriate.

In order to avoid subsequent disallowance or dispute based on unreasonableness or non-allocability, the Board may seek the prior written approval of the cognizant agency for indirect costs or the Federal awarding agency in advance of the incurrence of special or unusual costs.

The Federal award may be subject to statutory requirements that limit the allowability of costs. When the maximum amount allowable under a limitation is less than the total amount determined in accordance with the principles in this part, the amount not recoverable under the Federal award may not be charged to the Federal award.

Special Considerations for Local Governments:

For local governments certain services, such as motor pools, computer centers, purchasing, accounting, etc., are provided to operating agencies on a centralized basis. Since Federal awards are performed within the individual operating agencies, there needs to be a process whereby these central service costs can be identified and assigned to benefitted activities on a reasonable and consistent basis. The central service cost allocation plan provides that process.

The Board normally charges Federal awards for indirect costs through an indirect cost rate. A separate indirect cost rate(s) proposal for the Board is usually necessary to claim indirect costs under Federal awards. Indirect costs include:

- (1) The indirect costs originating in each department of the Board carrying out Federal awards and
- (2) The costs of central governmental services distributed through the central service cost allocation plan and not otherwise treated as direct costs.

Part VI – Compensation

General

Compensation for personal services includes all remuneration, paid currently or accrued, for services of employees rendered during the period of performance under the Federal award, including but not necessarily limited to wages and salaries. Compensation for personal services may also include fringe benefits. Costs of compensation are allowable to the extent that they satisfy the specific requirements of this part, and that the total compensation for individual employees:

1. Is reasonable for the services rendered and conforms to the established written policy of the Board consistently applied to both Federal and non-Federal activities;
2. Follows an appointment made in accordance with the Board's laws and/or rules or written policies and meets the requirements of Federal or State statute, where applicable.

Reasonableness

Compensation for employees engaged in work on Federal awards will be considered reasonable to the extent that it is consistent with that paid for similar work in other activities of the Board. In cases where the kinds of employees required for Federal awards are not found in the other activities of the Board, compensation will be considered reasonable to the extent that it is comparable to that paid for similar work in the labor market in which the Board competes for the kind of employees involved.

Professional activities outside the Board

Unless an arrangement is specifically authorized by a Federal awarding agency, the Board must follow its written Board policies and practices concerning the permissible extent of professional services that can be provided outside the Board for non-organizational compensation. Where such Board written policies do not exist or do not adequately define the permissible extent of consulting or other non-organizational activities undertaken for extra outside pay, the Federal Government may require that the effort of professional staff working on Federal awards be allocated between:

1. Non-Board activities, and
2. Non-organizational professional activities. If the Federal awarding agency considers the extent of non-organizational professional effort excessive or inconsistent with the conflicts-of-interest terms and conditions of the Federal award, appropriate arrangements governing compensation will be negotiated on a case-by-case basis.

Unallowable costs

Costs which are unallowable under other sections of these guidelines must not be allowable under this section solely on the basis that they constitute personnel compensation.

Special considerations

Special considerations in determining allowability of compensation will be given to any change in Board compensation policy resulting in a substantial increase in its employees' level of compensation (particularly when the change was concurrent with an increase in the ratio of Federal awards to other activities) or any change in the treatment of allowability of specific types of compensation due to changes in Federal, State or Local policy.

Incentive Compensation

Incentive compensation to employees based on cost reduction, or efficient performance, suggestion awards, safety awards, etc., is allowable to the extent that the overall compensation is determined to be reasonable and such costs are paid or accrued pursuant to an agreement entered into in good faith between the Board and the employees before the services were rendered, or pursuant to an established plan followed by the Board so consistently as to imply, in effect, an agreement to make such payment.

Standards for Documentation of Personnel Expenses

Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. The Board's Timekeeper and LINQ payroll system:

- Provides reasonable assurance that the charges are accurate, allowable and properly allocated;
- Is incorporated into the official records of the Board;
- Reasonably reflects the total activity for which the employee is compensated by the Board
- Encompasses both the federally assisted and all other activities compensated by the Board.
- Complies with the established accounting policies and practices of the Board.
- Supports the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award or non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity

Significant changes in the corresponding work activity are to be identified and entered into the records in a timely manner. Short term (such as one or two months) fluctuation between workload categories need not be considered as long as the distribution of salaries and wages is reasonable over the longer term.

Time and Effort

Compensation is based on records that accurately reflect the time and effort work that is performed. Salaried employees are paid monthly based on their job descriptions and/or daily schedules and attendance records. Non-salaried employee payroll is processed using timesheets. Timesheets must be completed after-the-fact and approved by the employee and the immediate supervisor.

Each full-time employee must have a current job description on file. The Human Resources Department is responsible for developing a complete and accurate job description for each. Job descriptions must be updated as new assignments are made. The Principal or supervisor must review the job description with the employee upon hiring and as the job description is updated. The employee must sign and date that he or she has read and understands the job description and the programs under which he or she is working.

All charges to payroll for personnel who work on one or more Federal programs or cost objectives must be based on one of the following, depending on the circumstances:

- Semiannual certification (for employees who work 100% of the time on a single program and/or cost objective in which case a signed and dated job description must be in the employee's personnel file; also see exception for schoolwide programs below)
- PARs - for employees working on more than one program and/or more than one cost objective

Semi-Annual Certification

Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. The Program Director is responsible for collecting and maintaining certifications. The Program Director is responsible for determining the type of time and effort reporting required for each employee. Certifications will be signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee. Certifications will be maintained for five years.

Semi-annual certification applies to employees who do one of the following:

- Work 100% of their time on a single grant program and/or single cost objective
- Work 100% of their time in administering programs that are part of consolidated administrative funds (such as a Federal Programs Director who administers only these programs)
- Work 100% of their time under a single cost objective funded from eligible multiple funding sources. A Title I, Part A, schoolwide program is a single cost objective.

These employees are not required to maintain time-and-effort records. However, each employee must certify in writing, at least semiannually, that he/she worked solely on the program or single cost objective for the period covered by the certification. The certification must be signed by the employee or by the supervisor having firsthand knowledge of the work performed. Charges to the grant must be supported by these semiannual certifications and the semiannual certifications are to be maintained by the Program Director.

The semiannual certification must

- be executed after the work has been completed, and not before
- state that the employee worked solely (i.e., 100% of the time) on activities related to one particular grant program or single cost objective
- identify the grant program or cost objective
- specify the 6-month reporting period
- be signed and dated by the employee or a supervisor with firsthand knowledge of the work performed

Personnel Activity Report (PAR)

Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports. The Program Director is responsible for collecting and maintaining PARs. The Program Director is responsible for determining the type of time and effort reporting required for each employee. PARs must be signed by the employee and the supervisory official having firsthand knowledge of the work performed by the employee. PARs are to be maintained by the Program Director.

PARs will be required where employees work on:

- (a) More than one Federal award,
- (b) A Federal award and a non-Federal award,
- (c) An indirect cost activity and a direct cost activity,
- (d) Two or more indirect activities which are allocated using different allocation bases, or
- (e) An unallowable activity and a direct or indirect cost activity.

Personnel activity reports or equivalent documentation must meet the following standards:

- (a) The reports must reflect an after-the-fact determination of the actual activity of each employee.
- (b) Each report must account for the total activity for which employees are compensated and which is required in fulfillment of their obligations to the organization.
- (c) The reports must be prepared at least monthly and must coincide with one or more pay periods.
- (d) The reports must be signed by the employee.

Supporting Documentation

PAR employees are required to maintain time-and-effort records. Employees must prepare time-and-effort summary reports at least monthly (or every other week, as applicable) to coincide with pay periods. Such reports must reflect an after the fact distribution of 100% of the actual time spent on each activity and must be signed by the employee. For example, a daily calendar completed by the employee as activity is performed that details how much of the employee's activity was spent on each program from which the employee is compensated.

Daily Class Schedules

Daily class schedules for classroom teachers and instructional aides may be used in lieu of time-and-effort summary reports for these personnel. Daily class schedules may qualify as a suitable because they provide a "quantifiable measure of employee effort."

Reconciliation and Closeout Procedures

Periodically, at least quarterly, a reconciliation of the budgeted distributions to the actual time and effort reflected in the employees' time-and-effort records will be calculated. If the quarterly (or more frequent) reconciled difference between the actual and budgeted amounts is 10% or greater, two things will occur:

- adjust accounting records to reflect the costs based on the actual time and effort reported.
- To minimize future differences, revise the budget estimates for the following quarter to reflect the actual distribution, if necessary.

If the reconciled difference is less than 10%, adjust the accounting records annually.

Prior to the end of the fiscal year the Program Director reviews all certifications and PARs for accuracy and appropriate signatures and dates.

Employee Exits

Before an employee separates from duty at, in addition to turning in checked-out keys, supplies and equipment, they must complete an exit interview including requirements to complete final timesheets, PARs/certifications and an exit survey.

Part VII – Compensation – Fringe Benefits

Fringe benefits are allowances and services provided by employers to their employees as compensation in addition to regular salaries and wages. Fringe benefits include, but are not limited to, the costs of leave (vacation, family-related, sick or military), employee insurance, pensions, and unemployment benefit plans. Except as provided elsewhere in these guidelines, the costs of fringe benefits are allowable provided that the benefits are reasonable and are required by law, Board-employee agreement, or an established policy of the Board.

Fringe benefits are assigned to cost objectives by identifying specific benefits to specific individual employees

The cost of fringe benefits in the form of regular compensation paid to employees during periods of authorized absences from the job, such as for annual leave, family-related leave, sick leave, holidays, court leave, military leave, administrative leave, and other similar benefits, are allowable if all of the following criteria are met:

1. They are provided under established written leave policies;
2. The costs are equitably allocated to all related activities, including Federal awards.

The cost of fringe benefits in the form of employer contributions or expenses for social security; retirement, employee life, health, unemployment, and worker's compensation insurance; pension plan costs; and other similar benefits are allowable, provided such benefits are granted under established written policies. Such benefits must be allocated to Federal awards and all other activities in a manner consistent with the pattern of benefits attributable to the individuals or group(s) of employees whose salaries and wages are chargeable to such Federal awards and other activities, and charged as direct or indirect costs in accordance with the Board's accounting practices.

Actual claims paid to or on behalf of employees or former employees for workers' compensation, unemployment compensation, severance pay, and similar employee benefits (e.g., post-retirement health benefits), are allowable in the year of payment provided that the Board follows a consistent costing policy.

Part VIII – Employee Relocation Cost

Relocation costs are costs incident to the permanent change of duty assignment (for an indefinite period or for a stated period of not less than 12 months) of an existing employee or upon recruitment of a new employee. Relocation costs are allowable provided that:

- 1) The move is for the benefit of the employer.
- 2) Reimbursement to the employee is based on actual expenses not to exceed an agreed upon amount.
- 3) Allowable relocation costs for current employees are limited to the following:
 - a) The costs of transportation of the employee, members of his or her immediate family and his household, and personal effects to the new location.
 - b) The costs of finding a new home, such as advance trips by employees and spouses to locate living quarters and temporary lodging during the transition period, up to maximum period of 30 calendar days.

- c) Closing costs, such as brokerage, legal, and appraisal fees, incident to the disposition of the employee's former home. These costs are limited to 8 per cent of the sales price of the employee's former home.
- d) The continuing costs of ownership (for up to six months) of the vacant former home after the settlement or lease date of the employee's new permanent home, such as maintenance of buildings and grounds (exclusive of fixing-up expenses), utilities, taxes, and property insurance.
- e) Other necessary and reasonable expenses normally incident to relocation, such as the costs of canceling an unexpired lease, transportation of personal property, and purchasing insurance against loss of or damages to personal property. The cost of canceling an unexpired lease is limited to three times the monthly rental.

When relocation costs incurred incident to the recruitment of new employees have been charged to a Federal award and the employee resigns for reasons within the employee's control within 12 months after hire, the employee must reimburse the Board for relocation cost paid to the employee. The Board must refund or credit the Federal Government for its share of the cost.

Part IX – Travel Costs

Travel costs are the expenses for transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of the Board. Such costs may be charged on an actual cost basis in accordance with the Board's written travel reimbursement policies. Travel costs are allowable with the prior written approval of the Federal awarding agency or pass-through entity when they are specifically related to the Federal award.

Lodging and subsistence

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 Board in its regular operations as the result of the Board's 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 to the Federal award; and
- 2) The costs are reasonable and consistent with the Board's established travel policy.

Temporary dependent care costs above and beyond regular dependent care that directly results from travel to conferences is allowable provided that:

- 1) The costs are a direct result of the individual's travel for the Federal award;
- 2) The costs are consistent with the Board's documented travel policy for all entity travel; and
- 3) Are only temporary during the travel period.

Travel costs for dependents are unallowable, except for travel of duration of six months or more with prior approval of the Federal awarding agency.

Commercial air travel

Airfare costs in excess of the basic least expensive unrestricted accommodations class offered by commercial airlines are unallowable except when such accommodations would:

- 1) Require circuitous routing;
- 2) Require travel during unreasonable hours;

- 3) Excessively prolong travel;
- 4) Result in additional costs that would offset the transportation savings; or
- 5) Offer accommodations not reasonably adequate for the traveler's medical needs. The Board must justify and document these conditions on a case-by-case basis in order for the use of first-class or business-class airfare to be allowable in such cases.

Part X – Equipment Property Records

Iredell-Statesville Schools will maintain property records for equipment and computing devices/technological items that include [§200.313\(d\)\(1\)](#):

- a description of the property
- a serial number or other identification number
- the source of funding for the property
- who holds title
- the acquisition date
- cost of the property
- percentage of Federal participation in the project costs for the Federal award under which the property was acquired
- the location
- use of the property
- condition of the property, and
- any ultimate disposition data including the date of disposal and sale price of the property.

The Finance Department will maintain property records which include all information listed above. The information, including entering property into the fixed asset inventory and making adjustment to the inventory, is accomplished by the Accounts Payable Supervisor.

When inventory is received, it is inspected by the office support personnel/bookkeeper of that building who determines that the inventory is in good condition and that it matches the purchase order, which matches the invoice. The Accounts Payable Supervisor logs the inventory into the fixed asset system when the receiving copy of the purchase order from the bookkeeper is received.

All inventoried equipment including Computing devices and other highly desirable mobile devices such as laptops, smart phones, and tablets are to be tagged and tracked. The school bookkeepers will be responsible for ensuring equipment is tagged.

Physical Inventory

A physical inventory of the property is taken and the results reconciled with the property records at least once every two years [§200.313\(d\)\(2\)](#). The Finance Department will send out a fixed asset listing to each school once a year. The bookkeeper assigns the physical inventory to teachers in the class rooms where the equipment is located. The inventory will be performed in April or May of every school year and signed off on by the teachers when completed. The bookkeeper and principal will then sign off on the fixed asset listing and send the results of the inventory back to the I-SS Finance Department.

The Accounts Payable Supervisor reconciles discrepancies between the inventory and the property records by updating the property records as needed and documenting any property that is damaged or missing for identification, repair or replacement as needed. He or She will maintain documentation of the physical inventory and reconciliation and sign off when the reconciliation is completed.

Safeguarding Property Equipment

The bookkeeper will set up and manage a control system to insure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft will be investigated. [§200.313\(d\)\(3\)](#).

Property may be taken off campus by students or staff. The person taking the property off site must sign and date upon departure and return. The computing devices are tagged with the school's name. Equipment that is lost or stolen is reported to the bookkeeper. He or She is then required to report it to the Principal where they or their designee will complete an investigation on the lost or stolen property. Interviews will be conducted and/or a police report will be filed under the discretion of the Principal as part of the investigation process. A report regarding lost or stolen property will be completed by the person doing the investigation and filed with the property inventory records as well as with the finance office. In addition to possible criminal action the Principal will determine what, if any, additional action is necessary. Replacement equipment will be obtained through the normal procurement function and must meet all applicable requirements.

Disposition of property will be listed by the Accounts Payable Supervisor in the property records in the event the property is sold, lost or stolen, or cannot be repaired. Property that is sold, identified as lost or stolen, or cannot be repaired will be listed in the property records for three (3) years after the lost/stolen date.

Maintaining Property Equipment

Staff to whom property equipment is assigned will monitor and maintain these items in good condition while in their possession.

The bookkeeper of the school should be contacted if an item is broken or not working properly. Equipment in need of repair is assessed to determine whether to repair or salvage. As part of this process the bookkeeper and/or technology department will determine if a warranty will apply to the repair, if not, he or she will obtain repair cost estimates. Generally, if the cost of repair exceeds half the cost of the restored value, then the equipment may be salvaged or donated. Other factors such as availability of the damaged item can be considered when determining whether a repair is appropriate.

Disposition

[§200.313\(e\)](#) - When original or replacement equipment acquired under a Federal award is no longer needed for the original project or program or for other activities currently or previously supported by a Federal awarding agency, except as otherwise provided in Federal statutes, regulations, or Federal awarding agency disposition instructions, Iredell-Statesville Schools will dispose of the equipment as follows:

- Items of equipment with a current per unit fair market value of \$5,000 or less may be retained, sold or otherwise disposed of with no further obligation to the Federal awarding agency [§200.313\(e\)\(1\)](#).
- Items of equipment with a current per-unit fair-market value in excess of \$5,000 may be retained by Iredell-Statesville Schools or sold [§200.313\(e\)\(2\)](#).
 - The Federal awarding agency is entitled to an amount calculated by multiplying the current market value or proceeds from sale by the Federal awarding agency's percentage of participation in the cost of the original purchase.
 - If the equipment is sold, the Federal awarding agency may permit Iredell-Statesville Schools to deduct and retain from the Federal share \$500 or ten percent of the proceeds, whichever is less, for its selling and handling expenses.

The bookkeeper, with approval from the Iredell-Statesville School's Finance Department, is responsible for determining how equipment will be disposed of. Possible sales procedures include on-site and govdeals.com auction. Auctions will be advertised online or in the local newspaper to ensure the highest level of exposure. If not being sold by auction the sale of the item will also be advertised online or in the local newspaper to ensure the highest level of exposure and there is no limit to the number of purchase offers that will be considered. The highest offer received in a reasonable amount of time will be accepted. All sales procedures will be performed in a manner to ensure the highest possible return [§200.313\(d\)\(5\)](#).

Definitions

Equipment [§200.33](#) - Tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by Iredell-Statesville Schools for financial statement purposes, or \$5,000.

Computing Device [§200.20](#) – 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. A computing device is a supply if the acquisition cost is less than the lesser of the capitalization level established by Iredell-Statesville Schools for financial statement purposes or \$5,000, regardless of the length of its useful life.