

FEDERAL GRANTS MANUAL

March 2026
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Introduction

This manual sets forth the policies and procedures used by Winner School District (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 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.

I. 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 return of funds or termination of the award.

A. Financial Management Standards

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

Identification

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 CFDA title and number, federal award identification number and year, name of the federal agency, and, if applicable, name of the pass-through entity.

Financial Reporting

Accurate, current, and complete disclosure of the financial results of each federal award or programs must be made in accordance with the financial reporting requirements set forth in the Education Department General Administrative Regulations (EDGAR).

Accounting Records

The District must maintain records that adequately identify the source and application of funds provided for federally assisted activities. These records must contain information pertaining to grant or subgrant awards, authorizations, 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, real and personal property, and other assets. The District must adequately safeguard all such property and must assure that it is used solely for authorized purposes.

“Internal controls” are tools to help program and financial managers achieve results and safeguard the integrity of their program. Internal controls should be designed to provide reasonable assurance that the following objectives are achieved:

- A. Effectiveness and efficiency of operations;
- B. Adequate safeguarding of property;
- C. Assurance property and money is spent in accordance with grant program and to further the Selected objectives; and
- D. Compliance with applicable laws and regulations.

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 EDGAR.

Please see page 17 for these written cash management procedures.

Allowable Costs

The District must maintain written procedures for determining allowability of costs in accordance with EDGAR.

Please see page 8 for these written allowability procedures.

B. Overview of the Financial Management/Accounting System

The District uses multiple programs to track, view, and approve requests for reimbursement of federal funding. Specifically, the District uses Software Unlimited Inc. (SUI) software to track federal funding, as well as to manage documentation related to federal programs. Near the beginning of each month, District staff run a report through Software Unlimited Inc. (SUI) for all district funds paid out for the previous month. The report breaks costs down by specific federal program and identifies the costs by assigned function codes and/or curriculum. District staff review the report for accuracy before submitting claims to the State’s grants management system (GMS). GMS will not allow reimbursement claims beyond what is in the District’s approved

budget. The software systems utilized by the District include all appropriate documentation related to claims for reimbursement, including time distribution records, approved school budgets, and all applicable procurement documentation.

The District's business office works with the federal program directors and program secretaries to maintain accurate information for budgeting and reporting purposes. All costs and claims are reviewed and approved before submitting to the State for pass through grants or to G-5 for direct federal grants.

C. Budgeting

The Planning Phase: Meetings and Discussions

Before Receiving the Grant Award Notice (GAN): Budget planning for the district will be an integral part of program planning so that the annual operating budget may effectively express and implement all programs and activities of the school system. Budget planning will be a year-round process involving broad participation by administrators, supervisors, teachers, other personnel throughout the school system, citizens and citizen groups. The Board of Education will adopt by October 1 of each year guidelines to govern the budget development for the following year.

School principals will follow guidelines for creating the budget for their individual school. Budgets are based on a review of the prior year's budget, followed by consideration for any changes that may be required. All budget items are aligned with District goals and the goals of its federal programs.

Reviewing and Approving the Budget: School leaders meet with the Superintendent and Business manager to review budgets and priorities for the coming year.

The approved budget will be available in Software Unlimited Inc. (SUI). All processing of revenue and expenditures take place in the business office.

The annual system-wide budget for the entire District determines the level of services to be offered within each instructional and support service area. The budget proposal will be organized and presented in accordance with the format required to comply with the laws of the State of South Dakota and the regulations of the Auditor General. The portion of the district budget dealing with federal pass-through grants is estimated in the preliminary budget, pending final allocations by the State. Once final allocations are received from the State, those allocations are incorporated in the district budget, or the final budget is amended subject to final approval by the State. The Board of Education provides preliminary approval of the full budget by the end of May, with final approval scheduled for October.

Amending the Budget

Schools are directed to request budget amendments from the district as needed throughout the year. These amendments must be tied to school needs and align with goals and objectives for the year in question. Budget amendments must include the justification for the proposed change. Individual schools cannot alter their approved budgets without approval from the Board unless there are no changes to function totals.

If the District needs to make an amendment to the State-approved budget, it will submit the proposed changes through State's GMS system, along with the justification for the change. This is in accordance with State rules and policies.

Budget Control

The district monitors its financial performance by comparing and analyzing actual results with budgeted results. Requests for reimbursement from schools are not approved if they are not within the approved budget. When claims are submitted each month, District staff will run a report through Software Unlimited Inc. (SUI) detailing amounts claimed. These reports are reviewed against school budgets as well as the District's State-approved budget. Similarly, State policies do not allow the district to submit claims beyond amounts approved in the district budget.

D. Accounting Records

All records related to federal costs are maintained in Software Unlimited Inc. (SUI). District and school employees must log in to the system with their own unique password. Only those employees with the proper login credentials are authorized to alter or modify specific documents. Records are maintained in accordance with 2 C.F.R. § 200.333 and the district takes appropriate steps to ensure that personally identifiable information is protected, and that only authorized officials have access to student records.

The Business Manager will be designated by the Board to be responsible for receiving and properly accounting for all the funds of the district. The Uniform Financial Accounting System for South Dakota School Districts will be used to record receipts and disbursements of the district. The Business Manager will report all financial information to the state as required. The Board will receive monthly financial reports from the business manager that will include a statement of operating receipts and expenditures, and balance on hand in the several funds, a budget position report, and any other financial information that should be brought to the Board's attention.

E. Spending Grant Funds

Allowability Checklist

When determining how the district will spend its grant funds, District personnel, including school personnel if the purchase originates from a school, 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. When performing an allowability analysis, personnel can refer to the following checklist.

As a practical matter, this manual cannot contain guidance on the allowability of specific examples. However, please see Appendix A for the allowability of common expenditures.

Is the proposed cost allowable under the relevant program?

As a practical matter, personnel must first 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. This means that, for instance, funds allocated under the Individuals with Disabilities Education Act governing the instruction of students with disabilities must generally be spent on providing services to students with disabilities and, except in rare circumstances, cannot be used to benefit non-disabled students.

Further, under certain federal programs, recipients may use federal funds only to supplement the amount of funds available from nonfederal sources for the education of students participating in the program. The recipients cannot use federal funds to supplant nonfederal funds that would otherwise have been used for the expenditure in question. District personnel must be aware of these rules and consider whether the purchase supplements, rather than supplants, nonfederal funds.

Is the proposed cost consistent with an approved program plan and budget?

If the proposed cost is allowable under the relevant program, the district personnel must then check the relevant program plan and budget. Expenditures must be aligned with approved budgeted items. Any changes or variations from the state-approved budget and grant application need prior approval from the district and state.

Is the proposed cost consistent with the cost principles?

All costs supported by federal education funds must meet the standards outlined in 2 CFR Part 200, Subpart E, which are provided in the bulleted list below. All District personnel with purchasing authority must consider the following factors when making an allowability determination.

- **Be 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, 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 to incur the cost was made. For example, reasonable means that sound business practices were followed, and purchases were comparable to market prices.

When determining reasonableness of a cost, consideration must be given to:

- Whether the cost is a type generally recognized as ordinary and necessary for the operation of the district or the proper and efficient performance of the federal award.
- The restraints or requirements imposed by factors, such as: sound business practices; arm's-length bargaining; federal, state and other laws and regulations; and terms and conditions of the federal award.
- Market prices for comparable goods or services for the geographic area.
- Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the district, its employees, its students, the public at large, and the federal government.
- Whether the district significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the federal award's cost. 2 C.F.R. §200.404.

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. A key aspect in determining whether a cost is necessary is whether the district can demonstrate that the cost addresses an existing need, and can prove it. This decision should be supported by data if at all possible.

When determining whether a cost is necessary, consideration may be given to:

- Whether the cost is needed for the proper and efficient performance of the grant program.
- Whether the cost is identified in the approved budget or application.
- Whether there is an educational benefit associated with the cost.
- Whether the cost aligns with identified needs based on results and findings from a needs assessment.
- Whether the cost addresses program goals and objectives and is based on program data.

- **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. For example, if 50% of a teacher's salary is paid with grant funds, then that teacher must spend at least 50% of his or her time on the grant program.

- **Consistent with policies and procedures that apply uniformly to both federally financed and other activities of the district.** The cost must be consistent with policies, regulations and procedures that apply uniformly to both federal awards and other activities of the district. 2 CFR § 200.403(c). This means that the district cannot generally subject federal funds to different rules than it applies to nonfederal funds. Any federal cost must be consistent with rules that apply uniformly to federal and nonfederal grants. The cost must also be consistent with any local or state law.

District personnel must follow this manual and all other internal policies and procedures in making a purchase with federal funds.

- **Conform to any limitations or exclusions set forth as cost principles in Part 200 or in the terms and conditions of the federal award.** District personnel must be aware of any special conditions placed on the federal award. These special conditions will be enumerated on the grant award notification.
- **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 in accordance with District rules regarding recordkeeping and retention.
- **Be determined in accordance with general accepted accounting principles (GAAP), unless provided otherwise in Part 200.**
- **Not included as a match or cost-share unless the specific federal program authorizes federal costs to be treated as such.** Some federal program statutes require the non-federal entity 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 reduction 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.

Is the proposed cost allowable under the selected items of cost?

If the proposed cost is consistent with program rules, budget, and federal cost principles, the District personnel must then ensure that the cost is listed as an allowable selected item of cost in the federal rules (2 C.F.R. §§ 200.420-200.475).

These cost items are listed in the chart below along with the citation where it is discussed whether the item is allowable. Please do not assume that an item is allowable because it is specifically listed in the regulation, as it may be unallowable despite its inclusion in the selected items of cost section. The expenditure may be unallowable for a number of reasons. Again, it may be unallowable because of program rules or because it does not meet all of the cost principles, such as being unreasonable as it is considered too expensive. If an item is unallowable for any of these reasons, federal funds cannot be used to purchase it.

District personnel responsible for spending federal grant funds and for determining allowability must be familiar with the Part 200 selected items of cost section. District staff must check costs against the selected items of cost requirements to ensure the cost is allowable.

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

Item of Cost	Citation of Allowability Rule
Advertising and public relations costs	2 CFR § 200.421
Advisory councils	2 CFR § 200.422
Alcoholic beverages	2 CFR § 200.423
Alumni/ae activities	2 CFR § 200.424
Audit services	2 CFR § 200.425
Bad debts	2 CFR § 200.426
Bonding costs	2 CFR § 200.427
Collection of improper payments	2 CFR § 200.428
Commencement and convocation costs	2 CFR § 200.429
Compensation – personal services	2 CFR § 200.430
Compensation – fringe benefits	2 CFR § 200.431
Conferences	2 CFR § 200.432
Contingency provisions	2 CFR § 200.433
Contributions and donations	2 CFR § 200.434

Defense and prosecution of criminal and civil proceedings, claims, appeals and patent infringements	2 CFR § 200.435
Depreciation	2 CFR § 200.436
Employee health and welfare costs	2 CFR § 200.437
Entertainment costs	2 CFR § 200.438
Equipment and other capital expenditures	2 CFR § 200.439
Exchange rates	2 CFR § 200.440
Fines, penalties, damages and other settlements	2 CFR § 200.441
Fund raising and investment management costs	2 CFR § 200.442
Gains and losses on disposition of depreciable assets	2 CFR § 200.443
General costs of government	2 CFR § 200.444
Goods and services for personal use	2 CFR § 200.445
Idle facilities and idle capacity	2 CFR § 200.446
Insurance and indemnification	2 CFR § 200.447
Intellectual property	2 CFR § 200.448
Interest	2 CFR § 200.449
Lobbying	2 CFR § 200.450
Losses on other awards or contracts	2 CFR § 200.451
Maintenance and repair costs	2 CFR § 200.452
Materials and supplies costs, including costs of computing devices	2 CFR § 200.453
Memberships, subscriptions, and professional activity costs	2 CFR § 200.454
Organization costs	2 CFR § 200.455
Participant support costs	2 CFR § 200.456
Plant and security costs	2 CFR § 200.457
Pre-award costs	2 CFR § 200.458
Professional services costs	2 CFR § 200.459
Proposal costs	2 CFR § 200.460
Publication and printing costs	2 CFR § 200.461
Rearrangement and reconversion costs	2 CFR § 200.462
Recruiting costs	2 CFR § 200.463
Relocation costs of employees	2 CFR § 200.464
Rental costs of real property and equipment	2 CFR § 200.465

Scholarships and student aid costs	2 CFR § 200.466
Selling and marketing costs	2 CFR § 200.467
Specialized service facilities	2 CFR § 200.468
Student activity costs	2 CFR § 200.469
Taxes (including Value Added Tax)	2 CFR § 200.470
Termination costs	2 CFR § 200.471
Training and education costs	2 CFR § 200.472
Transportation costs	2 CFR § 200.473
Travel costs	2 CFR § 200.474
Trustees	2 CFR § 200.475

Please see Appendix A for an FAQ on the allowability of common costs.

Travel

Travel costs are one of the more common costs charged to federal programs. 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 the result of its written travel policy. In addition, if these costs are charged directly to the federal award, documentation must be maintained that justifies that (1) participation of the individual is necessary to the federal award; and (2) the costs are reasonable and consistent with the District’s established policy. 2 C.F.R §200.474(b).

EXPENSE REIMBURSEMENTS

Personnel and officials who incur expenses in carrying out their authorized duties will be reimbursed by the District upon submission of a properly filled out and approved voucher and such supporting receipts as required by the Business Manager. Reimbursement will be in accordance with Board approved travel allowance, which will comply with the limits established by the Board of Education. When requesting reimbursement for travel expenses, personnel must provide a statement on the form and attach any accompanying documentation justifying why travel was necessary as opposed to using other means to accomplish the work. The district retains all Travel and Expense forms should the travel cost be questioned at a later date.

Such expenses may be approved and incurred in line with budgetary allocations for the specific type of expense. Authorized reimbursed expenses are approved through the Claims Report and Custodial Claims Report at regularly scheduled meetings of the Board of Education.

Mileage is reimbursed at a rate authorized by the Board of Education.

OUT-OF-DISTRICT TRAVEL

- A. Professional travel must be requested by the appropriate supervisor.
- B. Transportation Requirements:
 - 1. Vehicle – The driver must be the holder of a valid driver’s license.
 - 2. Private Vehicle – Proof of public liability and property damage insurance must be provided to the administrator approving the travel.
 - 3. Air Travel – Requires a valid driver’s license or state issued identification or passport.
- C. When making travel arrangements, the most economical and shortest route will be used whenever possible.
 - 1. Complete travel authorization form. Personal time requested beyond the end of the conference will be at the employee’s expense and must be pre-authorized.
 - 2. Submit a travel authorization form to administrator with budget authority. The administrator must authorize and submit to the Business Manager.
 - 3. The Business Manager must authorize the purchase of an airline ticket. Airline tickets not purchased through the district will be reimbursed by the district if prior approval was given..
- D. In the event air transportation is available and practical, but the individual elects to travel by automobile, the maximum reimbursement to the individual will be the cost of a tourist class round-trip airfare or Board of Education rate per mile, whichever is less. The cost of airfare will be attached to the travel request form by the business office.
- E. Individuals will be reimbursed for telephone calls and internet access related to official school business.
- F. Only employees will be reimbursed for expenses.
- G. A voucher form must be submitted before reimbursement will be made.
 - 1. Itemize to show dates, lodging, meals, mileage if applicable, banquet fees (if not included in the conference), and expenses for authorized educational conference materials.
 - 2. Attach a scanned conference agenda/schedule to the Certification of Claim & Expense Account form.
 - 3. Attach original itemized receipts for all expenses except, luggage (if not included in ticket purchase) and taxis.
 - 4. The account number to which the trip is charged is to be included with the name, place, purpose of trip and dates.
 - 5. Payment of expenses and reimbursement for travel incurred on an authorized trip will be made only after a claim form is submitted by the claimant to the administrator with budget authority, and forwarded to the Business Manager.
 - 6. The Board of Education will act on reimbursement of expenses.
- H. Request for use of school vehicles is to be made through the Administration offices.

Direct and Indirect Costs

While developing and reviewing the grant budget, District personnel should keep in mind the difference between direct costs and indirect costs.

Determining Whether a Cost is Direct or Indirect: 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). Indirect costs are those that have been incurred for a common or joint purpose benefitting more than one cost objective, and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved. 2 C.F.R. § 200.56. Costs incurred for the same purpose in like circumstances must be treated consistently as either direct or indirect costs. 2 C.F.R. § 200.413(a).

Identification with the federal award rather than the nature of the goods and services involved is the determining factor in distinguishing direct from indirect costs of federal awards. Typical costs charged directly to a federal award are the compensation of employees who work on that award, their related fringe benefit costs, the costs of materials and other items of expense incurred for the federal award. 2 C.F.R. § 200.413(b). 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;
- Such costs are explicitly included in the budget or have the prior written approval of the federal awarding agency; and
- The costs are not also recovered as indirect costs. 2 C.F.R. § 200.413(c).

Indirect Cost Rate: Under 34 C.F.R. § 75.561 and 34 C.F.R. § 76.561, a state educational agency may approve an indirect cost rate for longer than one year. Accordingly, the State Department of Education determines the indirect cost rate based upon the State Annual Report. The rate is fixed for up to five years.

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, contracts in excess of \$50,000, pass-through funds, etc.) incurred under a particular grant to produce the dollar amount of indirect costs allowable to that award. 34 C.F.R. § 75.564; 34 C.F.R. § 76.569. 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.

F. Federal Cash Management Policy/Procedures

The district will comply with applicable methods and procedures for payment that minimizes the time elapsing between the transfer of funds and disbursement by the district, in accordance with the Cash Management Improvement Act at 31 CFR Part 205. Generally, the District receives payment from the South Dakota Department of Education on a reimbursement basis. 2 CFR § 200.305.

Payment Methods

Reimbursements: The district will initially charge federal grant expenditures to nonfederal funds.

All reimbursements are based on actual disbursements, not on obligations. Reimbursement claims are submitted through the State's GMS online system. The district ensures all claims are allowable and conform with the approved budget. GMS does not allow the district to submit a claim for more than what is approved in the district's budget.

The State will process reimbursement requests in a timely manner, though certain cost reimbursement may be expedited if necessary.

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

Reimbursements of actual expenditures do not require interest calculations. All claims for payment from school funds will be processed by the business office. Payment will be authorized by the Board against invoices properly supported by approved purchase orders, with properly submitted vouchers, or in accordance with salaries and salary schedules approved by the Board.

The Business Manager is responsible for ensuring that budget allocations are observed and that total expenditures in a function do not exceed the amount allocated in the budget. Any budgets that exceed the allocated amount will be immediately reported to the Superintendent.

G. Timely Obligation of Funds

When Obligations are Made

Obligations are orders placed for property and services, contracts and subawards made, and similar transactions during a given period that require payment by the non-federal entity during the same or a future period. 34 C.F.R. § 200.71

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

If the obligation is for:	The obligation is made:
Acquisition of property	On the date which the 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 which the District makes a binding written commitment to obtain the services
Public utility services	When the District receives the services
Travel	When the travel 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 CFR part 200, Subpart E-Cost Principles.	On the first day of the project period.

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

Period of Performance of Federal Funds

All obligations must occur on or between the beginning and ending dates of the grant project. 2 C.F.R. § 200.309. This period of time is known as the period of performance. 2 C.F.R. § 200.77. The period of performance is dictated by statute and will be indicated in the grant award notification (GAN). Further, certain grants have specific requirements for carryover funds that must be adhered to.

State-Administered Grants: As a general rule, state-administered federal funds are available for obligation within the year that Congress appropriates the funds for. 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. 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, 2023 would remain available for obligation through September 30, 2025.

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

For both state-administered and direct grants, regardless of the period of availability, the district must liquidate all obligations incurred under the award not later than 90 days after the end of the funding period unless an extension is authorized. 2 C.F.R. § 200.343(b). 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 awarding agency. 2 C.F.R. § 200.343(d). Consequently, the District closely monitors grant spending throughout the grant cycle.

Carryover

State-Administered Grants: As described above, the Tydings Amendment extends the period of availability for applicable state-administered program funds. Essentially, it permits recipients to “carryover” any funds left over at the end of the initial 15-month period into the next year. These leftover funds are typically referred to as carryover funds and continue to be available for obligation for an additional 12 months. 34 C.F.R. § 76.709. Accordingly, the District may have multiple years of grant funds available under the same program at the same time.

Any waiver requests for carryover limits will follow State-mandated procedures.

Direct Grants: Grantees receiving direct grants are not covered by the 12-month Tydings period. However, under 2 C.F.R. § 200.308, 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. Prior approval is not required in these circumstances; however, in order to obtain this extension, the district must provide written notice to the federal awarding agency at least 10 calendar days before the end of the period of performance specified in the award. This one-time extension may not be exercised merely for the purpose of using unobligated balances.

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(d)(2).

H. Program Income

Definition

Program income means gross income earned by a grant recipient that is directly generated by a supported activity or earned because of the federal award during the grant's period of performance. 2 C.F.R. § 200.80.

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. § 200.80. Additionally, taxes, special assessments, levies, fines, and other such revenues raised by a recipient are not program income unless the revenues are specifically identified in the federal award or federal awarding agency regulations as program income. Finally, proceeds from the sale of real property, equipment, or supplies are not program income. 2 C.F.R. § 200.307.

Use of Program Income

The default method for the use of program income for the district is the deduction method. 2 C.F.R. § 200.307(e). 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 current costs unless the district is otherwise directed by the federal awarding agency or pass-through entity. 2 C.F.R. § 200.307(e)(1). The LEA may also request prior approval from the federal awarding agency to use the addition method. Under the addition method, program income may be added to the 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(e)(2).

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

II. Procurement System

The district maintains the following purchasing procedures.

A. Responsibility for Purchasing

The district shall abide by all statutory requirements and State regulations that pertain to the purchasing of supplies, equipment or services. The acquisition of supplies, equipment and services will be centralized in the business office under the supervision of the business manager. The business manager bears the responsibility for the quality and quantity of all purchases. The prime guidelines governing this responsibility are that all purchases fall within the framework of budgetary and statutory limitations, and that they be consistent with the approved educational goals and programs of the district.

Purchases are initiated by school personnel. The school will select the preferred vendor from the list of qualified vendors maintained by District staff. All orders must include the name and address of the supplier as well as the purchase price. If the exact price is unavailable, an estimate of the cost should be given. If any person orders materials other than through the established process, they will be responsible for payment of the materials. Purchases that are not within the approved school budget must be approved by the district and will include an amendment to the school budget. School officials will initiate a requisition through Software Unlimited Inc. (SUI), and the appropriate program office, along with the district business office, must review and approve the requisition request.

B. Purchase Methods

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

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

Micro-purchase means a purchase of supplies or services, the aggregate amount of which does not exceed \$15,000. The micro-purchase method is used in order to expedite the completion of its lowest-dollar small purchase transactions and minimize the associated administrative burden and cost.

Micro-purchases may be awarded without soliciting competitive quotations if the district considers the price to be reasonable. The district maintains evidence of this reasonableness in the records of all micro-purchases. Please see page 8 for written procedures on how to determine whether a price is reasonable.

To the extent practicable, the district distributes micro-purchases equitably among qualified suppliers. The district's business office will be responsible for determining if micro-purchases are equitably distributed based on the number of micro-purchase contracts awarded and the type of good or service procured. When school officials initiate the requisition process, they will select a vendor from a pre-populated list on Software Unlimited Inc. (SUI).

Purchases between \$15,000 and \$350,000 (Small Purchase Procedures)

Small purchase procedures are relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than \$350,000. If small purchase procedures are used, price or rate quotations are obtained from an adequate number of qualified sources. School administrators are responsible for soliciting quotes prior to submitting a requisition, but the district's business office will be required to ensure that all small purchases receive quotations from no less than two qualified vendors.

Purchases Over \$350,000

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

- A complete, adequate, and realistic specification or purchase description is available.
- Two or more responsible bidders are 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 on the basis of price.

If sealed bids are used, the following requirements apply:

- Bids must be solicited from an adequate number of known suppliers, providing them with sufficient response time prior to the date set for opening the bids, for state, local, and tribal governments, the invitation for bids must be publicly advertised.
- Bids will be advertised and printed in the official newspaper of the district at least twice, the first publication at least ten business days prior to the opening of bids. The advertisement will state the time and place the bids will be opened.
- The invitation for bids, which will include any specifications and pertinent attachments, must define the items or services in order for the bidder to properly respond; ○ Bids will also include any dispute procedures available to vendors.
- All bids will be opened at the time and place prescribed in the invitation for bids, and for local and tribal governments, the bids must be opened publicly; ○ The sealed bids will be publicly opened and read at the time and place stated in the advertisement.
 - Any bid may be withdrawn or modified before the time of opening as specified in the advertisement.
- A firm fixed price contract award must be made in writing to the lowest responsive and responsible bidder; ○ Unless all bids presented are rejected, the lowest responsive bid, in all cases must be accepted.
 - No more than 30 days will elapse between opening of bids and acceptance of the lowest responsible bidder or rejection of all bids.

Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs must be considered in determining which bid is lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of. Any or all bids may be rejected if there is a sound documented reason.

Noncompetitive Proposals (Sole Sourcing)

Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used only when one or more of the following circumstances apply:

- The item is available only from a single source; If such an instance arises, the district will maintain appropriate documentation regarding the availability of the goods or service in question;
- The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation; In this particular circumstance, the Board must approve sole-sourcing a contract.
- The federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a separate written request from the district; or
- After solicitation of a number of sources, competition is determined inadequate; The District will maintain documentation showing attempts to solicit bids or quotes from other qualified vendors.

A cost or price analysis will be performed for noncompetitive proposals when the price exceeds \$50,000.

C. Credit Cards

The district allows school personnel to use credit cards on certain items and should only be used if companies will not accept purchase orders. All purchases made with these purchase cards must be approved by the business office. Any purchases disallowed must be paid for with non-federal school funds, or the personal funds of the purchasing staff member.

D. Full and Open Competition

All procurement transactions must be conducted in a manner providing full and open competition consistent with 2 C.F.R § 200.319. 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 for such procurements. Some of the situations considered to be restrictive of competition include but are not limited to:

- Placing unreasonable requirements on firms in order for them to qualify to do business.
- 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
- Any arbitrary action in the procurement process.

EDGAR further requires the following to ensure adequate competition.

Geographical Preferences Prohibited

The district must conduct procurements in a manner that prohibits the use of statutorily or administratively imposed state, local, or tribal geographical preferences in the evaluation of bids or proposals, except in those cases where applicable federal statutes expressly mandate or encourage geographic preference. When contracting for architectural and engineering (A/E) services, geographic location may be a selection criterion provided its application leaves an appropriate number of qualified firms, given the nature and size of the project, to compete for the contract.

Prequalified Lists

The district must ensure that all prequalified lists of persons, firms, or products which are used in acquiring goods and services are current and include enough qualified sources to ensure maximum open and free competition. Also, the District must not preclude potential bidders from qualifying during the solicitation period. The district must review this list and remove any vendors that no longer qualify due to poor past performance, or other factors affecting vendor quality.

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. Such description must not, in competitive procurements, contain features that unduly restrict competition. The description may include a statement of the qualitative nature of the material, product or service to be procured and, when necessary, must set forth those minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use. Detailed product specifications should be avoided if at all possible.

When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a “brand name or equivalent” description may be used as a means to define the performance or other salient requirements of procurement. The specific features of the named brand which must be met by offers must be clearly stated; and identify all requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals. 2 C.F.R § 200.319(c).

E. Federal Procurement System Standards

Avoiding Acquisition of Unnecessary or Duplicative Items

The District must avoid the acquisition of unnecessary or duplicative items. Additionally, consideration is given to consolidating or breaking out procurements to obtain a more economical purchase. And, where appropriate, an analysis must be made of leases versus purchase alternatives, and another other appropriate analysis 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. Please see page 8 for written procedures on determining allowability.

Use of Intergovernmental Agreements

To foster greater economy and efficiency, the District enters into state and local intergovernmental agreements where appropriate for procurement or use of common or shared goods and services.

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.

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.

The district may not subcontract with or award subgrants to any person or company who is debarred or suspended. For all contracts of \$350,000 or more, the district verifies that the vendor with whom the District intends to do business with is not excluded or disqualified. 2 C.F.R. Part 200, Appendix II(1) and 2 C.F.R. §§ 180.220 and 180.300.

The Purchasing Specialist checks the excluded parties list on Sam.gov for any new vendor or any contract or bid of \$350,000 or more.

Maintenance of Procurement Records

The district must maintain records sufficient to detail the history of all procurements, in accordance with the record retention guidelines set forth by the State of South Dakota. 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.

The District has adopted the State of South Dakota Record Retention Guidelines as their record policies. The guidelines are available on the District website.

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 its 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.

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. Violations of law will be referred to the local, state, or federal authority having proper jurisdiction.

Protest Procedures to Resolve Dispute

The district maintains the following protest procedures to handle and resolve disputes relating to procurements:

- The district provides to all bidders who have submitted a bid in response to a District request for proposals a notice when the bid tabulation is posted on the district website.
- If upon receipt of notice of bid tabulation posting, the bidder desires additional information regarding the decision, the bidder may contact the District's Business Manager for an informal discussion.
- If still dissatisfied with the decision, the bidder shall within 10 calendar days of receipt of the notice of bid tabulation posting notify the Business Manager in writing of his or her

intent to protest the award decision. This notification must include the reason why the bidder believed he or she should have been awarded the bid.

- The Business Manager shall review the case and, if necessary, refer the protest to the Board of Education.
- If the protest is referred to the Board of Education, the Board will make a decision on the written appeal. All decisions by the Board are final.

The District's protest procedures are included within all requests for proposals.

F. Conflict of Interest Requirements

Standards of Conduct

In accordance with 2 C.F.R. §200.18(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, or agent 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, or agent, any member of his or her immediate family, his or her business or romantic 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.

Where an employee perceives a conflict exists or is unsure as to whether or not a conflict of interest exists, the employee should discuss the matter with and receive permission from his/her supervisor and the Business Manager.

The District defines "immediate family" to include a father, mother, sister, brother, spouse, son, daughter, or daughter-, son-, sister-, or brother-in-law.

The officers, employees, 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. Any employee receiving a gift from a vendor, contractor, or supplier with an estimated value more than \$50 shall report such gift to the Business Manager.

Disciplinary Actions

Any violation of the District's conflict of interest policy will result in a conference review by appropriate District officials who will determine the required disciplinary action up to and including termination. Violations are also subject to prosecution by the States Attorney.

Mandatory Disclosure

Upon discovery of any potential conflict, the district will disclose in writing the potential conflict to the federal awarding agency, or the State, in accordance with applicable federal awarding agency policy.

G. Contract Administration

The District maintains the following oversights to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders. For information on the receipt of property purchased with federal funds please see the Inventory Receipt Procedure section in Property Management Systems.

Once a school submits a requisition and a vendor is selected, the district issues a purchase order to the vendor. In the case of goods, supplies, or other materials, the vendor will make delivery to the Administration office. The Administration office will review the delivered materials to ensure the correct quantity and quality of materials are delivered in accordance with the terms of the purchase order. The District will only pay for the materials received. If there are any discrepancies between what was called for in the purchase order and what the vendor delivered to the Administration office, the district will contact the vendor to rectify the discrepancy. Final payment is never submitted without confirmation of adequate delivery. For a contract for services, the claim for payment must include an attestation by the service provider that the required services were provided.

Invoices for payment are handled by the business office. Invoices are compared to the purchase order and warehouse receiving record. Once delivery is confirmed as appropriate under the purchase order, the District will issue payment to the vendor.

III. Property Management Systems

To ensure compliance with statute and provide a reasonable measure of control whereby district assets are properly safeguarded, an inventory control system shall be implemented with the following guidelines:

A. Property Classifications and Responsibility

Assets will consist of five classifications as follows:

1. Land: a capital asset account which reflects the acquisition value of land and land rights owned by a school district. If land is purchased, this account includes the purchase price and costs such as legal fees, filling and excavation costs, and other associated improvement costs which are incurred to put the land in condition for its intended use. If land is acquired by gift, the account reflects its appraised value at time of acquisition.

2. Buildings: a capital asset account which reflects the acquisition value of permanent structures owned by the school district. If buildings are purchased or constructed, this account includes the purchase or contract price of all permanent buildings and fixtures attached to and forming a permanent part of such buildings. If buildings are acquired by gift, the account reflects their appraised value at time of acquisition.
3. Improvements other than buildings: a capital asset account which reflects the acquisition value of permanent improvements, other than buildings, which add value to land. The Improvements Other than Buildings also include Infrastructure assets which are tangible property that is normally both stationary in nature and can be preserved for significantly greater number of years than other types of tangible property. Examples of such improvements are fences, retaining walls, sidewalks, pavements, gutters, tunnels, roads and bridges. If the improvements are purchased or constructed, this account contains the purchase or contract price. If improvements are obtained by gift, it reflects the appraised value at time of acquisition.
4. Construction in progress: the cost of construction work undertaken but not yet completed.
5. Equipment.

For the purpose of inventory policy, the definition of equipment as presented in the South Dakota School Accounting Manual will be used.

- A. Equipment is a material unit which meets the following conditions:
 1. Retains its original shape and appearance with use.
 2. Is nonexpendable, that is, if the article is damaged or some of its parts are lost or worn, it is usually more feasible to repair it rather than replace it with an entirely new unit.
 3. Represents an investment of money which makes it advisable to capitalize the item.
 4. Does not lose its identity through incorporation into a different or more complex unit or substance.
- B. While the above may be used as a guideline in determining whether an item is equipment, all 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 \$5,000 is considered equipment. New items will be recorded at cost; however, for items already on inventory estimated current value will be used.
- C. Fixed asset threshold is set at \$5000 and above.

Proper asset accounting will be handled through the business office.

Supplies means all tangible personal property not meeting the definition of equipment. Supplies would include computing devices if the acquisition cost is less than \$500.

B. Inventory Receipt Procedure

All property purchased by the district is received at the school, regardless of its ultimate destination. Upon receipt of any item, staff (1) inspects the property to make sure it is in good

condition; and (2) reviews the purchase order and invoice to ensure they accurately describe the received property.

Once this review is complete, if the item is equipment, the business office gives the appropriate fixed asset tag. The staff is also responsible for tagging property. If the item is equipment purchased with federal funds, the designates that federal grant accordingly.

Once the item is tagged, the warehouse staff enters the tag number, and the receipt date and time into Software Unlimited Inc. (SUI) and sends the property to the appropriate building. Once the building receives the property, the staff uploads the signed delivery notification into Software Unlimited weblink.

The business office enters the following information into the Grant Assets Inventory Record:

- Brief description;
- Classification code;
- Serial number, if applicable;
- The location (such as building), use and condition of the property;
- Vendor;
- Acquisition date and cost;
- Purchase order number;
- Account number;
- Funding source (including the Federal Award ID Number);
- Title-holder; and
- The percentage of federal participation in the project costs for the federal award under which the property was acquired.

C. Maintenance

In accordance with 2 C.F.R.313(d)(4), the district maintains adequate maintenance procedures to ensure that property is kept in good condition. The district's maintenance procedures for damaged or malfunctioning property vary depending on the nature of the item. If the item is a computing device, the responsible personnel must contact the technology department. If the item is a non-computing device piece of equipment, the responsible personnel must submit a work order for maintenance. In the event an item cannot be fixed, the district follows its disposal policies below.

D. Physical Inventory

South Dakota Codified Law 5-24-1 requires that an inventory be taken annually of all personal property of the district with an acquisition value as stated in SD Administration Rule 10:02:01:01. (\$5,000.00 as of January 2026). For all non-equipment items listed on the District's inventory, such as computing devices, the District will ensure that a physical inventory is completed at least once every two years. Winner School District threshold is set at \$500.

Principals are responsible for performing the annual inventory in their school. The inventory typically starts in April and concludes by the end of the school year. In the event that an item has been lost, stolen, or sold or otherwise disposed, the principal will indicate this on the physical inventory spreadsheet. The spreadsheet is then provided to the Business Manager.

For items purchased and used at a District-level, personnel within the business office will conduct the inventory.

E. 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. Students may not remove any computing device from school premises without purchasing insurance through the district or providing proof of insurance. District employees may remove a computing device which has been assigned to the employee from District premises. However, the use of the district's computing devices, e-mail system, and internet access is limited to District-related purposes. (See Employee Handbook "Cell phone/Electronic Devices". For computing devices and other valuable items not assigned to a specific employee, the district requires individuals to sign-in and sign-out in order to use the device.

All employees of the District are responsible for the proper accounting of all property used by them either in the course of regular instruction of classes or in any other situation where the District is responsible or where any activity is conducted in the name of the District. Employees are responsible for reporting damage, loss or theft of any type of equipment or computing device to the building principal. The principal shall report to the Business Manager, who has been delegated responsibility for matters relative to the care and safeguarding of all school property. If appropriate, the responsible individual shall contact the appropriate police department to conduct an investigation into any damage, loss or theft of any equipment or computing device. The police report and any documentation resulting from the investigation are maintained.

F. Use of Equipment

Equipment must be used in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by the federal award, and the district will not encumber the property without prior approval of the federal awarding agency and the pass-through entity.

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

equipment. Second preference is given to programs or projects under federal awards from other federal awarding agencies. Use for non-federally funded programs or projects is also permissible.

G. Disposal of Surplus Property

District personnel use the following procedures to identify and dispose of surplus property:

1. Property to be declared surplus is identified by building staff. Those assets will be reviewed by the building administrator and approved to be added to a building surplus property list.
2. The Superintendent will assemble 3 staff members, all of whom reside in the district boundaries to assign a value to the property being submitted as surplus.
3. The Superintendent or designee will create or revise a list/spreadsheet with the following information:
 - A. Item description
 - B. Asset tag number
 - C. Grant asset tag number
 - D. Quantity of the item described
 - E. Estimated value as determined by 3 staff members that reside in the district.
4. The staff will submit a declaration of surplus property list to the Superintendent as needed for the WSD Board of Education to approve.

If the item has a current FMV of \$10,000 or less, it may be retained, sold, or otherwise disposed of with no further obligation to the federal awarding agency. If the item has a current FMV of more than \$10,000, the federal awarding agency is entitled to the federal share of the current market value or sales proceeds.

When considering an inter-governmental transfer of equipment that is no longer needed for the original program or project, the District will make the equipment available in the following order of priority: (1) activities under a federal award from the federal awarding agency which funded the original program or project; then (2) activities under federal awards from other federal awarding agencies.

IV. Time and Effort Policies

A. Time and Effort Standards

Federal grants management rules require all employees who are paid in full or in part with federal funds to keep specific documents to demonstrate the amount of time they spent on grant activities. This includes an employee whose salary is paid with state or local funds but is used to meet a required “match” in a federal program. These documents, known as time and effort records, are maintained in order to charge the costs of personnel compensation to federal grants.

Charges to federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

- Be supported by a system of internal controls which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- Be incorporated into official records;
- Reasonably reflect total activity for which the employee is compensated, not exceeding 100% of compensated activities;
- Encompass both federally assisted and all other activities compensated by the 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.

B. Time and Effort Documentation

District Employees that are working on a single federal program cost objective are required to complete a Semi-Annual Certification (see attached). Semi-Annual Certifications must be completed at least every six months.

A *cost objective* means a program, function, activity, award, organizational subdivision, contract, or work unit for which cost data are desired and for which provision is made to accumulate and measure the cost of processes, products, jobs, capital projects, etc. A cost objective may be a major function of the non-federal entity, a particular service or project, a federal award, or an indirect cost activity.

U.S. Department of Education guidance has stated that it is possible to work on a single cost objective even if an employee works on more than one federal award or on a federal award and a non-federal award. The key to determining whether an employee is working on a single cost objective is whether the employee's salary and wages can be supported *in full* from each of the federal awards on which the employee is working, or from the federal award alone if the employee's salary is also paid with non-federal funds.

District Employees that are working on multiple federal program cost objectives are required to complete the Personnel Activity Report (PAR) (see attached). Unless the work performed by the employee meets the circumstances described by the U.S. Department of Education guidance, *multiple cost objectives* means more than one federal award; a federal award and non-federal award; specific earmarking (set-asides) or matching requirements within on 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.

Examples of both the PAR and semi-annual certification can be found at Appendix B. Any questions regarding the documentation should be directed to the Curriculum Director, Special Education Director or Business Manager.

C. Schoolwide Programs

An employee working solely on a schoolwide program can complete a semi-annual certification, while an employee working on the schoolwide program and another activity (such as a state program or another non-Title I federal program) must complete a PAR.

D. Time and Effort Procedures

The Curriculum Director and Special Education Director are in charge of who is required to complete a semi-annual certification or a PAR.

On the final day of each reporting period, the Curriculum Director and Special Education Director generate and send the appropriate certification to each employee funded with federal funds or whose salary is used to meet a matching requirement. The certification's distribution of time is pre-populated based on the employee's contract. It is the responsibility of the employee to review the certification to ensure that the distribution of time is accurate. If any corrections are required, the employee will note the correct distribution of time on the certification. Once the employee has reviewed the certification and made any necessary corrections, the employee signs the certification and provides it to a supervisor with firsthand knowledge of the activity performed by the employee for the supervisor's review and signature. The supervisor then provides the signed certification to the Curriculum Director or Special Education Director, who maintains it in the appropriate file.

E. Reconciliation and Closeout Procedures

It is critical for payroll charges to match the actual distribution of time recorded on the 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.

As monthly claims are submitted by the business office for reimbursement, expenses are reconciled to federal award budget by the accounting manager or grants accountant in the business office.

F. Employee Exits

If an employee leaves the District before the completion of the reporting period, the employee signs the certification at his or her exit interview. In the event that an employee does not sign the certification, a supervisor with firsthand knowledge of the employee's activity reviews and signs the certification.

V. 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. §§ 76.730-.731 and §§ 75.730-.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 U.S. Department of Education is authorized to recover any federal funds misspent within 5 years before the receipt of a program determination letter. 34 C.F.R. § 81.31(c). Consequently, the District retain records for a minimum of five (5) years from the date on which the final Financial Status Report is submitted, unless otherwise notified in writing to extend the retention period by the awarding agency, cognizant agency for audit, oversight agency for audit, or cognizant agency for indirect costs. However, if any litigation, claim, or audit is started before the expiration of the record retention period, the records will be retained until all litigation, claims, or audit findings involving the records have been resolved and final action taken. 2 C.F.R. § 200.333.

B. Collection and Transmission of Records

All records are maintained in Software Unlimited Inc. (SUI) with appropriate safeguards and periodic quality checks. Some documentation is also maintained in hard copy. The district takes all reasonable precautions to protect personally identifiable information, in accordance with State law.

C. Access to Records

The district provides the awarding agency, Inspectors General, the Comptroller General of the United States, and the pass-through entity, or any of their authorized representatives the right of access to any documents, papers, or other records of the district which are pertinent to the federal award, in order to make audits, examinations, excerpts, 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.

D. Privacy

The district follows State law and guidelines regarding personnel information and takes all reasonable precautions to protect personally identifiable information. The district also ensure that all education records containing personally identifiable information is protected from unauthorized disclosures per federal law at 34 C.F.R. Part 99.

VI. Audit and Monitoring

The district will ensure full cooperation on all audits and monitoring visits by the State and federal awarding agencies, as well as the mandatory annual single audit. The district will ensure that all audit or monitoring findings are followed up with corrective actions, in accordance with State and federal requirements.

APPENDIX A

Frequently Asked Allowability Questions

A. May we use Federal funds to award incentives to students (i.e., pizza parties to award attendance)?

Federal funds used to award incentives to students are generally unallowable. The district will only reimburse schools for such costs in limited circumstances. First, the District may reimburse schools if student incentives are approved by an authorizing statute. In such cases, the school must still demonstrate that the costs were necessary (i.e. for a valid programmatic purpose such as academic performance or attendance) and reasonable.

Second, where such costs are not approved by an authorizing statute, the district will only reimburse a school where the incentives are for a valid programmatic purpose and of nominal value. To determine whether a cost is of nominal value, the district looks at the entire cost of the incentive. For example, a \$10 gift card may be of nominal value, but not where a \$10 gift card is awarded to 50 students.

B. May we use Title I, Part A and Title VI Federal funds under the Elementary and Secondary Education Act to transport eligible students to school?

A school may not use Title I, Part A and Title VI funds to transport students to school as it is unlikely that the U.S. Department of Education would consider these funds to be necessary for the administration of the grants. Further, the use of Title VI funds to provide transportation raises supplement, not supplant concerns.

C. For Staff that complete a PAR monthly, do they need to sign a PAR for June and July even though they are not working in those months, since they get paid 12 months a year. There would be pay for them coming out of Title I or IDEA, etc during the summer, but there aren't any working days.

Employees do not need to keep PARs for months when they do not work. However, if they did any work at all, they would need to keep a PAR.

Even though they are being paid in a month they are not working, PARs are not required. The annual allocation among the various funding sources would be based on the period that the employee was working and maintaining time and effort records. This would be done by distributing charges over the period when the employee is not working in the same proportion as were allocated throughout the period that the employee was working based on actual time and effort records that were already completed. (Steven Spillan, Brustein & Manasevit, PLLC)

D. Can we make a purchase of multi-year (3 to 5 yr) licenses of a professional learning program out of Title IIA and make payment in full now and charge the entire amount to the current year grant. We cannot find any guidance regarding multi-year purchases from Title II.

It all really comes down to whether the up front in-full payment is optional or not. In many cases with purchases like this, the contract goes for a year or other initial period, with options to renew for later periods. If that is how this contract is set up, then you would have to wait until this renewal period to pay the additional amounts, since those costs would not obligate until the renewal kicked in.

If, however, the contract requires you to pay up front for a 3-year period, you might have some leeway. 2 CFR 200.318(d) specifically says, “where appropriate, an analysis will be made or lease versus purchase alternatives, and any other appropriate analysis to determine the most economical approach.” If the vendor is offering a discount of some other perks that make it more beneficial to pay it all up front, then it would be allowable as long as you have the proper internal controls in place to ensure that the software is used in accordance with the contract for the entire period. Otherwise, it would be considered poor management to pay up front for a multi-year contract. (Steven Spillan, Brustein & Manasevit, PLLC)

SEMI ANNUAL CERTIFICATION

Name of Organization: **WINNER SCHOOL DISTRICT 59-2**

Employee's Name: _____

Time Period:¹ _____

Cost Objective	Distribution of Time
	100%
Total	100%

I certify that to the best of my knowledge that this is an after-the-fact determination of my actual activities for this time period.

Employee's Signature: _____ Date: _____

Supervisor's Signature ²: _____ Date: _____

¹Employees working on a **single cost objective** are required to prepare **semi-annual** (every six months or semester) reports.

²Supervisory official having first-hand knowledge of the activity performed by employee.

APPENDIX C

Federal Grants Management 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 CFR Part 200)
 - <http://www.ecfr.gov/cgi-bin/textidx?SID=ccccf77e01c9e6d4b3a377815f411704&node=pt2.1.200&rgn=div5> □
- USDE's Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (2 CFR Part 3474)
 - http://www.ecfr.gov/cgi-bin/textidx?SID=ccccf77e01c9e6d4b3a377815f411704&tpl=/ecfrbrowse/Title02/2cfr347_4_main_02.tpl
- State regulations, rules, and policies
 - South Dakota Legislative Research Council Codified Laws
http://sdlegislature.gov/statutes/Codified_Laws/
- District regulations, rules, and policies
 - <http://public.WCS.org/administration/SoS/WCSPolicies/Pages/Policies.aspx>
- Organizational Chart
 - Appendix D