

(See CN, DE, DFAA, and DFAB)

The board shall ensure federal funds received by the district are administered in accordance with federal requirements, including but not limited to the federal Uniform Grant Guidance. This policy outlines the district's responsibilities when federal funding is considered. The board designates the _____ superintendent or designee as the federal programs coordinator and district contact for all federal programs and funding.

The _____ superintendent or designee shall establish, document and maintain a sound fiscal management system to include internal controls and federal grant management standards covering the receipt of both direct and state-administered federal grants and to track costs and expenditures of funds associated with grant awards. The superintendent or designee, to assist in the proper administration of federal funds and implementation of this policy, may recommend additional procedures and regulations be adopted to supplement this policy.

The district's fiscal management system shall be designed with strong internal controls, including reasonable cybersecurity and other measures to safeguard information consistent with applicable law, a high level of transparency and accountability, and documented procedures to ensure that all fiscal management system requirements are met. Fiscal management standards and procedures shall assure that the following responsibilities are fulfilled:

- Identification – The district must identify, all federal awards received and expended and the federal programs under which they were received.
- Financial Reporting – Accurate, current, and complete disclosure of the financial results of each federal award or program must be made in

accordance with the financial reporting requirements of the Education Department General Administrative Regulations (EDGAR).

- Accounting Records – The district must maintain records which sufficiently identify the amount source, and expenditure of funds provided for federally-assisted activities.
- Internal Controls – Effective control and accountability must be maintained for all federal funds, real and personal property purchased therewith, and other assets acquired with federal funding. The district must safeguard all assets and ensure it is used solely for authorized purposes.
- Budget Control – Actual expenditures or outlays must be compared with budgeted amounts for each federal award. Procedures shall be developed to establish determination for allowability of costs for federal funds.
- Cash Management – The district shall maintain written procedures to implement the cash management requirements found in EDGAR.
- Allowability of Costs – The district shall maintain written procedures for determining the allowability of all costs charged to each federal award is accurately determined and documented.

Time and Effort Reporting by Employees

All district employees paid with federal funds shall document the time they expend in work performed in support of each federal program, in accordance with law. Time and effort reporting requirements do not apply to contracted individuals.

Recordkeeping

The district shall develop and maintain a records management plan and related board policy, administrative regulations, and/or procedures for the retention, retrieval, and disposition of print and electronic records, including emails.

The district shall ensure the proper maintenance of federal fiscal records documenting:

- Amount of federal funds,
- How funds are used,
- Total cost of each project,
- Share of total cost of each project provided from other sources,
- Other records to facilitate an effective audit,
- Other records to show compliance with federal program requirements,
and
- Significant project experiences and results.

All records must be retrievable and available for programmatic or financial audit.

The district shall provide the federal 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 district records which are pertinent to the federal award. The district shall also permit timely and reasonable access to the district's personnel for interview and discussion related to such documents.

Records shall be retained for a minimum of three (3) years from the date on which the final Financial Status Report is submitted, or as otherwise specified in federal law or in the requirements of the federal award, unless a written extension

is provided by the awarding agency, cognizant agency for audit, oversight agency for audit, or cognizant agency for indirect costs. If any litigation, claim or audit is started before the expiration of the standard record retention period, the records shall be retained until all litigation, claims or audits have been resolved and final action has been taken.

The district shall ensure that all personally identifiable data protected by statute or regulation is handled in accordance with the requirements of applicable law, regulations, board policy, administrative regulations, and procedures.

Subrecipient Monitoring

If the district awards subgrants, the district shall establish procedures to:

- Assess the risk of noncompliance.
- Monitor grant subrecipients to ensure compliance with federal, state, and local laws and board policy, regulations, and procedures.
- Ensure the district's records are adjusted to cure recordkeeping issues discovered through the subrecipient's audits, on-site reviews, or other monitoring.

Mandatory Disclosures

Employees and contractors must promptly disclose whenever, in connection with the federal award (including any activities or subawards thereunder), it has credible evidence of the commission of a violation of federal criminal law involving fraud, conflict of interest, bribery, or gratuity violations found in Title 18 of the United State Code or a violation of the civil False Claims Act (31 U.S.C. 3729-3733). The disclosure must be made in writing to the federal agency, the agency's Office of the Inspector General, and passthrough entity, if applicable.

Recipients and subrecipients are also required to report matters related to recipient integrity and performance in accordance with the law.

Employees and contractors involved in federally funded programs and subrecipients shall be made aware that failure to comply with federal law, regulations, or terms and conditions of a federal award may result in the federal awarding agency or pass-through entity imposing additional conditions or terminating the award in whole or in part.

Whistleblower Protections

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

The superintendent or designee shall inform their employees in writing of employee whistleblower rights and protections under the law.

Approved: 8/22

KASB Recommendation – 6/17; 12/24

DFAC ALLOWABILITY OF COSTS – FEDERAL PROGRAMS

(Sample Procedure)

Allowability of Costs – Federal Programs

Expenditures of federal funds must be aligned with approved budgeted items. Any changes or variations from the state-approved budget and grant application need prior approval from the state.

Delegation of Responsibility

When determining how the school district will spend its grant funds, the { } *Superintendent* { } *Business Manager* { } *Federal Programs Coordinator* will review the proposed cost to determine whether it is an allowable use of federal grant funds *before* obligating and spending those funds on the proposed good or service.

Allowability Determinations

All costs supported by federal education funds must meet the standards outlined in EDGAR, 2 CFR Part 3474 and 2 CFR Part 200, Subpart E, which are listed below. The { } *Superintendent* { } *Business Manager* { } *Federal Programs Coordinator* must consider these factors when making an allowability determination. A section entitled, *Helpful Questions for Determining Whether Costs are Allowable*, is located at the end of this document.

Part 200 sets forth general cost guidelines that must be considered, as well as rules for specific types of items, both of which must be considered when determining whether a cost is an allowable expenditure of federal funds. The expenditure must also be allowable under the applicable program statute (e.g., Title I of the Elementary and Secondary Education Act (ESEA), or the Carl D. Perkins Career and Technical Education Act (Perkins)), along with accompanying program regulations, nonregulatory guidance, and grant award notifications.

Restrictions in state and local rules or policy also must be considered. For example, travel and other job-related expenses incurred by employees are not allowable unless they also are in compliance with board policy GAN, administrative regulations, and related procedures.

Whichever allowability requirements are stricter will govern whether a cost is allowable.

General allowability determination factors include the following:

1. **Be Necessary and Reasonable for the performance of the federal award.** A cost is reasonable if, it does not exceed an amount that a prudent person would under the circumstances prevailing when the decision to incur the cost. 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 generally recognized as ordinary and necessary for the operation of the district or the proper and efficient performance of the federal award.

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(Sample Procedure)

- The restraints or requirements imposed by such factors, 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 costs for the geographic area.
- Whether the individual incurring the cost acted with prudence in the circumstances considering their responsibility to the district, its employees, its students, the public at large, and the federal government.
- Whether the cost represents a deviation from the district established written policies and procedures for incurring costs. (2 CFR Sec. 200.404)

Whether a cost is **necessary** will be 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. For example, the school entity may deem a language skills software program necessary for a limited English proficiency program.

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 federal award 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.
2. **Allocable to the federal award.** A cost is allocable to the federal award if the cost is assignable to the federal award or other cost objective 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 CFR Sec. 200.405)
- For example, if fifty percent (50%) of a teacher's salary is paid with grant funds, then that teacher must spend at least fifty percent (50%) of his/her time on the grant program.
3. **Consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the school entity.**
4. **Conform to any limitations or exclusions set forth as cost principles in Part 200 or in the terms and conditions of the federal award.**
5. **Consistent treatment.** A cost must 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

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(Sample Procedure)

as an indirect cost.

6. **Adequately documented.** All expenditures must be properly documented. (§ 200.300 through 200.309)
7. **Be determined in accordance with generally accepted accounting principles (GAAP), unless provided otherwise in Part 200.**
8. **Not be included as a cost or used to meet cost sharing requirements of, federally-financed program in either the current or prior period.** Some federal program statutes require the nonfederal entity to contribute a certain amount of nonfederal resources to be eligible for the federal program.
9. **Be the net of all applicable credits.** The term “applicable credits” refers to transactions that offset or reduce direct or indirect cost 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 direct relate to allowable costs, they must be credited to the federal award, either as a cost reduction or a cash refund, as appropriate. (2 CFR Sec. 200.406)

Selected Items of Cost

Subpart E of Part 200 sets forth principles to be applied in establishing the allowability of fifty-five (55) specific cost items (commonly referred to as Selected Items of Cost), at 2 CFR Sec. 200.420-200.475. These specific cost items are listed in the chart below along with the citation to the section of Subpart E addressing the allowability of that item. These principles are in addition to the other general allowability standards, and apply whether or not a particular item of cost is properly treated as direct cost or indirect (F&A) cost. Meeting the specific criteria for a listed item does not by itself mean the cost is allowable, as it may be unallowable under other standards or for other reasons, such as restrictions contained in the terms and conditions of a particular grant or restrictions established by the state or in Board policy. If an item is unallowable for any of these reasons, federal funds cannot be used to purchase it.

School district employees responsible for spending federal grant funds and for determining allowability must be familiar with and refer to the Part 200 selected items of cost section. These rules must be followed when charging these specific expenditures to a federal grant. When applicable, employees must check costs against the selected items of cost requirements to ensure the cost is allowable and also check state, district, and program-specific rules.

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

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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 and prizes	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

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Rental costs of real property and equipment	2 CFR § 200.465
Scholarships, student aid costs, and tuition remission	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
Telecommunication and video surveillance costs	2 CFR § 200.471
Termination costs	2 CFR § 200.472
Training and education costs	2 CFR § 200.473
Transportation costs	2 CFR § 200.474
Travel costs	2 CFR § 200.475
Trustees	2 CFR § 200.476

Helpful Questions for Determining Whether Costs are Allowable -

In addition to applying the cost principles and standards described above, district staff involved in expending federal funds should ask the following questions when assessing the allowability of a particular cost:

1. Is the proposed cost allowable under the relevant program?
2. Is the proposed cost consistent with an approved program plan and budget?
3. Is the proposed cost consistent with program specific fiscal rules? For example, the school entity may be required to use federal funds only to supplement the amount of funds available from nonfederal (and possibly other federal) sources, or only as a match for funds from nonfederal sources.
4. Is the proposed cost consistent with EDGAR?
5. Is the proposed cost consistent with specific conditions imposed on the grant (if applicable)?
6. Is the proposed cost 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 Title III of the Elementary and Secondary Education Act (ESEA) governing language instruction programs for Limited English Proficient (LEP) students must only be spent on LEP students and cannot be used to benefit non-LEP students.
7. Will the cost be targeted at addressing specific areas of weakness that are the focus of the program, as indicated by available data?

Any questions related to specific costs should be forwarded to the { } *Superintendent* { } *Business Manager* { } *Federal Programs Coordinator* who shall consult with the board's legal counsel for clarification as appropriate.

DFAC CASH MANAGEMENT – FEDERAL PROGRAMS

(Sample Procedure)

Cash Management – Federal Programs

Generally, the school district receives payment of federal funds from the Kansas State Department of Education (KSDE) on a reimbursement basis. In some circumstances, the district may receive an advance of federal grant funds. This procedure addresses responsibilities of the district and district staff under those alternative payment methods. In either case, the district shall maintain accounting methods and internal controls and procedures that assure those responsibilities are met when dealing with federal funding.

Payment Methods

Reimbursements -

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

The { } *Superintendent* { } *Business Manager* { } *Federal Programs Coordinator* will request reimbursement for actual expenditures incurred under the federal grants { } *monthly* { } *quarterly*.

Such requests shall be submitted with appropriate documentation and signed by the requestor.

Requests for reimbursements will be approved by the { } *Superintendent* { } *Business Manager* { } *Federal Programs Coordinator*.

Reimbursement will be submitted on the appropriate form to the KSDE portal. All reimbursements are based on actual disbursements, not on obligations. KSDE will process reimbursement requests within the timeframes required for disbursement.

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

Reimbursements of actual expenditures do not involve interest calculations.

Advances -

When the district receives advance payments of federal grant funds, it must minimize the time elapsing between the transfer of funds to the district and the expenditure of those funds on allowable costs of the applicable federal program. (2 CFR Sec. 200.305(b)) The district shall attempt to expend all advances of federal funds within seventy-two (72) hours of receipt.

When applicable, the district shall use existing resources available within a program before requesting additional advances. If available, the recipient or subrecipient must disburse funds available from program income (including repayments to a revolving fund), rebates, refunds, contract settlements, audit recoveries, and interest earned on federal funds before requesting additional cash payments. (2 CFR Sec. 305(b)(5))

DFAC CASH MANAGEMENT – FEDERAL PROGRAMS

(Sample Procedure)

Advance payments of Federal funds must be deposited and maintained in insured accounts whenever possible.

The recipient or subrecipient must maintain advance payments of Federal funds in interest-bearing accounts unless one of the following applies:

- (i) The recipient or subrecipient receives less than \$250,000 in Federal funding per year;
- (ii) The best available interest-bearing account would not reasonably be expected to earn interest in excess of \$500 per year on Federal cash balances;
- (iii) The depository would require an average or minimum balance so high that it would not be feasible with the expected Federal and non-Federal cash resources;
- (iv) A foreign government or banking system prohibits or precludes interest-bearing accounts; or
- (v) (v) An interest-bearing account is not readily accessible (for example, due to public or political unrest in a foreign country).

The school district is permitted to retain for administrative expense up to \$500 per year of interest earned on federal funds. Regardless of the federal awarding agency, interest earnings exceeding \$500 per year shall be remitted annually to the Department of Health and Human Services Payment Management System (PMS) through either the Automated Clearing House (ACH) network or a Fedwire Funds Service payment. (2 CFR Sec. 200.305(b)(12))

Pursuant to federal guidelines, interest earnings shall be calculated from the date that the federal funds are drawn down from the G5/G6 system until the date on which those funds are disbursed by the district. Consistent with state guidelines, interest accruing on total federal grant cash balances shall be calculated on cash balances per grant and applying the actual or average interest rate earned.

Remittance of interest shall be responsibility of the { } *Superintendent* { } *Business Manager* { } *Federal Programs Coordinator*.

(Sample Procedure)

Grant Subrecipient Monitoring Procedures – Federal Programs

In the event the district disperses federal funds received through a federal award to other entities and assigns responsibilities to the outside entity to conduct a portion of the work, the district shall be responsible for determining, on a case-by-case basis, whether the agreement with such entity places the outside entity in the role of a subrecipient receiving a subaward of federal funding, or the role of a contractor.

If the district grants subawards of federal funding to other entities as subrecipients, the district shall be responsible for:

1. Evaluating the entity for risk of noncompliance to determine appropriate monitoring practices.
2. Monitoring the subrecipient entity's implementation to ensure compliance with federal, state, and local laws, conditions of the federal funding award, and board policy and procedures.
3. Notifying the subrecipient entity of identified deficiencies found during the monitoring process and ensuring that identified deficiencies are corrected.
4. Documenting and retaining records on subrecipient identification, notification, evaluation, monitoring, and corrective actions taken.

Definitions

For purposes of policies and procedures related to federal programs, the following definitions shall apply:

Contract – a legal instrument by which a non-federal entity conducts procurement transactions under a federal award. The term as used here does not include a legal instrument, even if the entity considers it a contract, when the substance of the transaction meets the definition of a federal program award or subaward. (2 CFR 200.1)

Contractor – an entity that receives a contract, by which a non-federal entity purchases property or services needed to carry out the project or program under a federal award. (2 CFR 200.23)

Pass-through entity – a recipient or subrecipient that provides a subaward to a subrecipient Including lower tier subrecipients to carry out part of a federal program. The authority of the pass-through entity under this part flows through the subaward agreement between the pass-through entity and subrecipient. (2 CFR 200.1)

Subaward – an award provided by a pass-through entity to a subrecipient for the subrecipient to contribute to the goals and objectives of the project by carrying out part of a federal award received by the pass-through entity. It does not include payments to a contractor or beneficiary, participant. A subaward may be provided through any form of legal agreement consistent with criteria in with §200.331, including an agreement the pass-through entity considers a contract. (2 CFR 200.1)

Subrecipient – an entity that receives a subaward from a pass-through entity to carry out part of a federal program. The term subrecipient does not include a beneficiary or participant. (A subrecipient may also be a recipient of other federal awards directly from a federal agency.) (2 CFR 200.1)

Subrecipient Versus Contractor

DFAC GRANT SUBRECIPIENT MONITORING PROCEDURES – FEDERAL PROGRAMS

(Sample Procedure)

The district must determine, on a case-by-case basis, whether an entity receiving funds from the district as part of a federal funding program serves in a role of subrecipient or contractor. (2 CFR 200.331)

The { } *Superintendent* { } *Federal Programs Coordinator* { } *Business Manager* { } *other* _____ shall be responsible for analyzing the criteria listed in the chart below. The _____ may consult with the board's legal counsel or other qualified counsel in making such determination.

Subrecipient	Contractor
Creates a Federal assistance relationship	Purpose is to obtain goods and services for the recipient or subrecipient's own uses and creates a procurement relationship
Determines who is eligible to receive what Federal assistance	Provides the goods and services within normal business operations
Has its performance measured in relation to whether the objectives of a Federal program were met	Provides similar goods or services to many different purchasers
Has responsibility for programmatic decision making	Normally operates in a competitive environment
Is responsible for adherence to applicable Federal program requirements specified in the Federal award; and	Provides goods or services that are ancillary to the implementation of a Federal program; and
Implements a program for a public purpose specified in authorizing statute, as opposed to providing goods or services for the benefit of the pass-through entity (PTE)	Is not subject to compliance requirements of a Federal program as a result of the agreement. However, similar requirements may apply for other reasons

The district shall notify subrecipients that they have been identified as a subrecipient and that the funding qualifies as a subaward. The district shall provide the subrecipient with the following information as specified at 2 CFR Sec. 200.332(b) regarding the federal funding award, and any subsequent changes:

Required Information includes:

1. Federal award identification

- (i) Subrecipient's name (must match the name associated with its unique entity identifier);
- (ii) Subrecipient's unique entity identifier;
- (iii) Federal Award Identification Number (FAIN);
- (iv) Federal Award Date;
- (v) Subaward Period of Performance Start and End Date;

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(Sample Procedure)

- (vi) Subaward Budget Period State and End Date;
 - (vii) Amount of Federal Funds Obligated in the subaward;
 - (viii) Total Amount of Federal Funds Obligated to the subrecipient by the pass-through entity including the current obligation;
 - (ix) Total Amount of the Federal Award committed to the subrecipient by the pass-through entity;
 - (x) Federal award project description, as required by the Federal Funding Accountability and Transparency Act (FFATA);
 - (xi) Name of the federal agency, pass-through entity, and contact information for awarding official of the pass-through entity;
 - (xii) Assistance Listings title and number; the pass-through entity must identify the dollar amount made available under each Federal award and the Assistance Listings Number at the time of disbursement;
 - (xiii) Identification of whether the award is for Research and Development; and
 - (xiv) Indirect cost rate for the federal award (including if the de minimis rate is charged per used in accordance with §200.414).
2. All requirements of the subaward, including requirements imposed federal statutes, regulations and the terms and conditions of the federal award;
3. Any additional requirements that the pass-through entity imposes on the subrecipient for the pass-through entity to meet its responsibilities under the federal award. This includes information and certification (see §200.415) required for submitting financial and performance reports that the pass-through entity must provide to the federal agency;
4. Indirect cost rate:
- (i) An approved indirect cost rate negotiated between the subrecipient and the federal government.
- If no such rate exists, pass-through entity must determine the appropriate rate in collaboration with the subrecipient. The indirect cost rate may be either;
- i. An indirect cost rate negotiated between the pass-through entity and the subrecipient. These rates may be based on a prior negotiated rate between a different pass-through entity and the subrecipient, in which case the pass-through entity is not required to collect information justifying the rate but may elect to do so; or
 - ii. The de minimis indirect cost rate
- (ii) The pass-through entity must not require the use of the de minimis indirect cost rate if the subrecipient has an approved indirect cost rate negotiated with the Federal Government. Subrecipient may elect to use the cost allocation method to account for indirect costs in

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(Sample Procedure)

accordance with §200.405(d).

5. A requirement that the subrecipient permit the pass-through entity and auditors to access the subrecipient's records and financial statements for the pass-through entity to fulfill its monitoring requirements; and
6. Appropriate terms and conditions concerning the closeout of the subaward.

Evaluation of Risk

The district shall evaluate each subrecipient's fraud risk and risk of noncompliance with subaward to determine appropriate subrecipient monitoring practices. (2 CFR 200.332(c))

The { } *Superintendent* { } *Federal Programs Coordinator* { } *Business Manager* { } *other* _____ or designee shall be responsible for evaluating risk based on the following factors:

1. The subrecipient's prior experience with the same or similar subawards;
2. The results of previous audits, including whether or not the subrecipient receives a single audit and the extent to which the same or similar subaward have been audited as a major program;
3. Whether the subrecipient has new personnel, or new or substantially changed systems and processes;
4. The extent and results of any federal agency's monitoring.

The _____ or designee shall request adequate documentation from the subrecipient to conduct the evaluation of risk; such documentation may include, but may not be limited to { } *audit reports* { } *financial reports* { } *policies and procedures* { } *detailed descriptions or users' guides of current systems and processes*.

The district shall evaluate subrecipients for risk of noncompliance { } *annually* { } *as specified in the legal agreement or contract*.

Based on the results of the risk evaluation, the district may consider imposing specific conditions on implementation of the subaward, in accordance with applicable law and regulations. (2 CFR 200.207, 200.332)

Monitoring

The district shall monitor the implementation and activities of each subrecipient as necessary to ensure that the subrecipient complies with law, regulations and the terms and conditions of the subaward. The pass-through entity is responsible for monitoring the overall performance of a subrecipients to ensure that the goals and objectives of the award are achieved.

As part of the monitoring process, the district shall complete the following steps: (2 CFR 200.331)

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(Sample Procedure)

1. Review financial and performance reports.
2. Ensure that the subrecipient takes corrective action on all significant development that negatively affect the subaward. Significant developments include Single Audit findings related to the subaward, other audit findings, site visits, and written notifications from a subrecipient of adverse conditions which will impact their ability to meet the milestones or the objectives of a subaward. When significant developments negatively impact the subaward, a subrecipient must provide the pass-through entity with information on their plan for corrective action and any assistance needed to resolve the situation.
3. Issue a management decision for audit findings pertaining to the subaward provided to the subrecipient, in accordance with applicable law and regulations. (2 CFR 200.521)
4. Resolve audit findings specifically related to the subaward. However, the pass-through entity is not responsible for resolving cross-cutting audit findings that apply to the subaward and other Federal awards or subawards. If a subrecipient has a current Single Audit report and has not been excluded from receiving Federal funding (meaning, has not been debarred or suspended), the pass-through entity may rely on the subrecipient's cognizant agency for audit or oversight agency for the audit to perform audit follow-up and make management decisions related to cross-cutting audit findings in accordance with section § 200.513(a)(4)(viii). Such reliance does not eliminate the responsibility of the pass-through entity to issue subawards that conform to agency and award-specific requirements, to manage risk through ongoing subaward monitoring, and to monitor the status of the findings that are specifically related to the subaward.

Monitoring Tools –

The { } Superintendent { } Federal Programs Coordinator { } Business Manager { } other _____ or designee shall be responsible for monitoring of subrecipients. To the following monitoring tools may be useful for the pass-through entity to ensure proper accountability and compliance with program requirements and achievement of performance goals:

1. Providing subrecipients with training and technical assistance on program-related matters;
2. Performing site visits to review the subrecipient's program operations; and.
3. Arranging for agreed-upon procedures engagements as described in (§200.425.)

The district shall verify that subrecipients are audited as required by applicable law and regulations.

Follow-Up Actions –

The _____ or designee shall provide subrecipients with written documentation detailing their monitoring results and listing any identified deficiencies. The district shall consider whether the results of monitoring indicate the need to revise existing district policy and procedures. (2 CFR 200.332)

The district shall require subrecipients to take immediate action on issues involving ineligible or illegal use of federal funding, and notify the district of corrective action taken.

DFAC GRANT SUBRECIPIENT MONITORING PROCEDURES – FEDERAL PROGRAMS

(Sample Procedure)

The district shall require subrecipients to develop a corrective action plan to address other identified deficiencies or noncompliance issues; such plan shall be submitted to the district { } *within 60 days* { } *as soon as possible* { } *as specified in the agreed-upon procedures*, and the district shall evaluate and monitor the activities taken by the subrecipient under the corrective action plan. The district may provide technical assistance and/or training to subrecipients in complying with corrective action requirements.

The _____ or designee shall maintain all documentation on monitoring of subrecipients and corrective action taken during the monitoring process.

The district shall report issues of noncompliance to the appropriate federal agency where required by law, regulations, or requirements of the federal funding program.

Remedies for Noncompliance –

When monitoring activities identify issues of noncompliance that are not addressed through corrective action, the district may take the following actions: (2 CFR 200.332, 200.339)

1. Impose specific conditions on the subrecipient, in accordance with applicable law and regulations. (2 CFR 200.208)
2. Temporarily withhold payments, until the recipient or subrecipient takes corrective action.
3. Disallow costs for all or part of the activity associated with the noncompliance of recipient or subrecipient.
4. Suspend or terminate the federal award in part or in its entirety.
5. Recommend that the federal agency initiate suspension or debarment proceedings.
6. Withhold further awards or agreements for the project or program.
7. Pursue other legal remedies legally available.

Record Retention

The { } *Superintendent* { } *Federal Programs Coordinator* { } *Business Manager* { } *other* _____ shall ensure that all documentation regarding subrecipient identification, notification, evaluation, monitoring activities, and corrective action is maintained in accordance with board policy and regulations.

Records shall be retained in accordance with applicable law, regulations, specific requirements of the federal program, and the district's policies and regulations. (2 CFR 200.334-200.338)

DFAC PROCUREMENT – FEDERAL PROGRAM

(Sample Procedure)

Procurement – Federal Programs

This document is intended to integrate standard district purchasing procedures with additional requirements applicable to procurements that are subject to the federal Uniform Grant Guidance regulations concerning the use of federal funds and/or U.S. Department of Agriculture (USDA) regulations governing school food service programs. The district maintains the following purchasing procedures, in accordance with federal and state laws, regulations, and board policy to aid in making purchases with federal funds. (2 CFR 200.318-200.327; 7 CFR 210.16, 210.19, 210.21, 215.14a, 220.16; K.S.A. 72-1151; board policies DFAB, DFAC, DJE, DJEB, DJED, DJEE, DJEF, DJEG, DJEJ, DJFA, and DJFAB)

Procurement Thresholds (reviewed 2024)		
Kansas Bid Threshold	\$20,000	For construction, reconstruction or remodeling or for the purchase of materials, goods or wares
Federal Micro-Purchase Threshold	\$10,000	Adjusted periodically and published in Federal Register (48 CFR Subpart 2.1)
Federal Simplified Acquisition Threshold	\$250,000	Adjusted periodically and published in Federal Register (48 CFR Subpart 2.1)

*Please review this Procurement attachment annually and update amounts accordingly

Responsibility for Purchasing

The board has outlined standard district purchasing responsibility, methods of purchasing, price quotations and bid, requirements in the following board policies and their accompanying administrative regulations and/or procedures:

- DFAB: Standard of Conduct for Federally Funded Contracts
- DFAC: Federal Fiscal Compliance
- DJE: Purchasing
- DJEB: Quality Control
- DJED: Bids and Quotations Requirements
- DJEE: Local Purchasing
- DJEF: Requisitions
- DJEG: Purchase Orders and Contracts
- DJEJ: Payment Procedures
- DJFA: Purchasing Authority
- DJFAB: Administrative Leeway

Purchase Methods

DFAC PROCUREMENT – FEDERAL PROGRAM

(Sample Procedure)

When a request for expenses for construction, reconstruction, or remodeling or for the purchase of materials, goods, or wares has been submitted and approved as outlined below, the procurement method to be used will be determined based on the type of purchase and the total cost of the purchase as further outlined below. This procedure outlines how the cost thresholds for determining when the quote or formal bidding procedures that are required by state law as reflected in Policy DJED must be modified when making purchases for federally funded purposes to which the Uniform Grant Guidance or USDA regulations apply to comply with both state and federal requirements. At each point where requirements for food service-related procurement under USDA regulations differ, a note will refer to the Food Service Program Notes at the end of this procedure. Final determination of which purchasing procedures are to be applied is delegated to the { } *Purchasing Agent* { } *Superintendent* { } *Business Manager* under the authority of the Board.

Standard Procurement Documents and Purchase Request Process

The district shall use { } *purchase orders* { } *requisitions* for purchase requests in accordance with the applicable purchase method.

The district shall use { } *paper* { } *electronic* purchasing records, which are pre-numbered and are accessible to designated purchasing staff in { } *the district office* { } *the business office* { } *Purchasing Agent's office* { } *Other* _____.

Purchase requests by an employee must be submitted to the building administrator or immediate supervisor. Purchase of all budgeted items or items approved by an administrator or supervisor must be initiated by use of a purchase order or requisition submitted to the purchasing agent. Purchase orders and requisitions shall contain information including, but not necessarily limited to:

1. Description of the services to be performed or goods to be purchased;
2. Location of where services will be performed or goods will be delivered;
3. Appropriate dates of service or delivery;
4. { } Other (describe) _____.

Documentation on purchase orders and requisitions shall be maintained in accordance with the district's Public Records policy (CN) and Federal Fiscal Compliance policy (DFAC).

Contracts shall be reviewed by the { } *Board Clerk* { } *Business Manager* { } *Superintendent* { } *Board's Attorney* prior to submission to the board for approval.

Contracts to which the Uniform Grant Guidance apply shall contain the clauses specified in Appendix II to 2 CFR Part 200 (Contract Provisions for Non-Federal Entity Contracts Under Federal Awards), when applicable.

DFAC PROCUREMENT – FEDERAL PROGRAM

(Sample Procedure)

[See Food Service Program Notes below for specific clauses required by USDA regulations to be included in cost reimbursable procurement contracts.]

Micro-Purchases Not Requiring Quotes or Bidding

For purposes of this procedure, **micro-purchase** means an individual procurement transaction for supplies or services, the aggregate amount of which does not exceed a base amount of \$10,000. The micro-purchase dollar threshold is adjusted periodically by the federal government, and the threshold most recently established and published in the Federal Register shall apply if other than \$10,000.(48 CFR Subpart 2.101)

Note: The micro-purchase threshold for federal purposes is lower than the bid threshold amount outlined in K.S.A 72-1151, which allows purchase for nonfederal purposes to be made without using formal competitive bidding.

The micro-purchase method is used to expedite the completion of its lowest dollar small purchase transactions and minimize the associated administrative burden and cost. Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold.

To the extent practicable, the district distributes micro-purchases equitably among qualified suppliers when the same or materially interchangeable products are identified and such suppliers offer effectively equivalent rates, prices, and other terms. The { } *Superintendent* { } *Business Manager* { } *Purchasing Agent* { } *Board Clerk* { } *Board Treasurer* will be responsible to determine the equitable distribution of micro-purchases.

Micro-purchases may be awarded without soliciting competitive quotations if the district considers the price to be reasonable. The district will maintain evidence of this reasonableness in the records of all micro-purchases. **Reasonable** means that sound business practices were followed, and the purchase is comparable to market prices for the geographic area. Such determinations of reasonableness may include comparison of the price to previous purchases of the same item or comparison of the price of items similar to the item being purchased.

Even if the cost of a purchase qualifies it as a micro-purchase, bidding or small purchase procedures may be used optionally when those procedures may result in cost savings.

Simplified Acquisition Procedures

For purposes of this procedure, **simplified acquisition procedures** are those relatively simple and informal procurement methods for securing materials, goods, or wares or for completing construction, reconstruction, or remodeling that cost more than the amount qualifying as a micro-purchase and do not cost \$20,000 or more, or in the case of services other than construction, reconstruction or remodeling, where the total cost does not exceed the \$250,000 federal Simplified Acquisition Threshold at which formal competitive bidding or competitive proposals are required. Small purchase procedures cannot be used for construction, reconstruction or

DFAC PROCUREMENT – FEDERAL PROGRAM

(Sample Procedure)

remodeling costing \$20,000 or more or for the purchase of materials, goods or wares costing \$20,000 or more because the board policy and Kansas law requires formal competitive bidding at that level of cost.

The base amount at which bidding is required under state law for construction, reconstruction or remodeling or for the purchase of materials, goods or wares is \$20,000. (K.S.A. 72-1151)

The federal Simplified Acquisition Threshold at which competitive bidding or competitive proposals are required is adjusted periodically by the federal government, and the threshold most recently established and published in the Federal Register shall apply if other than \$250,000. (48 CFR Subpart 2.101)

Because state law does not require **competitive** bidding for the purchase of services other than for construction, reconstruction or remodeling with a cost in excess of \$20,000, simplified acquisition procedures, including a request for proposal (RFP) procedure, may be used for procurement of such other services except when the estimated total cost will be at or over the federal threshold at which formal competitive bidding or competitive proposals are required (\$250,000).

[See Food Service Program Notes below for exemption from bidding for purchases of perishable food items costing less than \$250,000.]

Formal Competitive Bidding

Publicly Solicited Sealed Competitive Bids:

For construction, reconstruction, or remodeling or for the purchase of materials, goods or wares, sealed competitive bids are publicly solicited and awarded to the lowest responsible bidder as provided in Policy DJED when the total cost is estimated to be \$20,000 or more.

Note: The amount at which formal competitive bidding or competitive proposals are required by federal regulations is much higher than the base amount at which the policy and state law requires competitive bidding. Therefore, the lower base amount specified by state law will be used for purchases of equipment or supplies, or for obtaining services for construction, reconstruction or remodeling costing \$20,000 or more.

State law does not require bidding for the purchase of services other than for construction, reconstruction or remodeling regardless of total cost. For procurement of such other services for federally funded purposes to which the Uniform Grant Guidance applies, formal competitive bidding or competitive proposals will be used when the estimated total cost will be at or over the federal threshold of \$250,000.

The federal Simplified Acquisition Threshold at which competitive bidding or competitive proposals are required is adjusted periodically by the federal government, and the threshold most recently established and published in the Federal Register shall apply if other than \$250,000. (48 CFR Subpart 2.101)

DFAC PROCUREMENT – FEDERAL PROGRAM

(Sample Procedure)

For procurement of services costing at or over the \$250,000 federal threshold other than for construction, reconstruction or remodeling, the use of competitive sealed bidding is considered feasible and appropriate when:

1. A complete, adequate, and realistic specification or purchase description is available;
2. Two (2) or more responsible bidders have been identified as willing and able to compete effectively for the business; and
3. The procurement lends itself to a firm-fixed-price contract, and the selection of the successful bidder can be made principally based on price.

If sealed bids are used, the following requirements apply:

- (A) Bids must be solicited from an adequate number of qualified sources, providing them with sufficient response time prior to the date set for opening the bids. Unless specified by the federal agency, the district may exercise judgment in determining what number is adequate. For local governments the invitation must be publicly advertised.
- (B) The invitation for bids must define the items or services with specific information, including any required specifications, for the bidder to properly respond.
- (C) All bids will be opened at the time and place prescribed in the invitation for bids. For local governments, the bids must be opened publicly.
- (D) A firm-fixed price contract is awarded in writing to the lowest responsive when specified in the invitation for bids, factors such as discounts, transportation cost, and life-cycle costs must be considered in determining which bid is the lowest. Payment discounts must only be used to determine the low bid when the district determines they are a valid factor based on prior experience.
- (E) The district must document and provide a justification for all bids it rejects.

[See Food Service Program Notes below for reference to state requirements regarding contracts with food service management companies and contractors of pre-plated meals.]

Competitive Proposals

State law does not require public school entities to solicit competitive bids for services other than for construction, reconstruction or remodeling, for which competitive bidding is required if the cost will be a base amount of \$20,000 or more.

Federal regulations allow the use of competitive proposals as an alternative to formal competitive bidding when conditions are not appropriate for the use of sealed bids.

In the case of services other than for construction, reconstruction or remodeling costing less than that threshold, the district may use simplified acquisition procedures or micro-purchase

DFAC PROCUREMENT – FEDERAL PROGRAM

(Sample Procedure)

procedures as applicable based on total cost. A request for proposal (RFP) process can also meet or exceed the simplified acquisition competition requirements under state law and Policy DJED for the acquisition of services other than for construction, reconstruction or remodeling, and can be used if the total cost will be less than \$250,000.

When permitted, the technique of competitive proposals is normally conducted with more than one (1) source submitting an offer, and either a fixed price or cost-reimbursement type contract is awarded. Competitors' qualifications are evaluated, and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. The district shall comply with other applicable state and federal law and regulations, board policy and administrative regulations or procedures regarding purchasing; the district may consult with the school solicitor or other qualified counsel in determining the required process for purchasing through competitive proposals when necessary.

If this method is used, the following requirements apply:

1. Requests for proposals required public notice, and all evaluation factors and their relative importance. To the maximum extent practicable, any proposals submitted in response to the public notice must be considered.
2. Proposals must be solicited from an adequate number of qualified sources.
3. There must be a written method for conducting technical evaluations of the proposals received and for selecting recipients.
4. Contracts must be awarded to the responsible offeror whose proposal is most advantageous to the program, with price and other factors.
5. Competitive proposal procedures for qualifications-based procurement for architectural/engineering (A/E) professional services whereby offeror's qualifications are evaluated and the most qualified offeror is selected, subject to negotiation of fair and reasonable compensation. The method where price is not used as a selection factor can only be used to procure an of A/E professional services and cannot be used to purchase other services through A/E firms.

Competitive proposals shall be evaluated by the { } *Superintendent* { } *Business Manager* { } *Federal Programs Coordinator* based on factors including but not limited to:

1. Cost.

{ } *Experience of contractor.*

{ } *Availability.*

{ } *Personnel qualifications.*

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(Sample Procedure)

☐ *Financial stability.*

☐ *Minority business, women's business enterprise, or labor surplus area firm status.*

☐ *Project management expertise.*

☐ *Understanding of district needs.*

☐ *Other _____.*

Evaluations shall be completed in a timely manner, documented and shall be reviewed by the ☐ Board ☐ Superintendent ☐ Business Manager ☐ Federal Programs Coordinator ☐ school solicitor.

Contract/Price Analysis

The district performs a cost or price analysis for every procurement transaction in excess of \$250,000, including contract modifications. (2 CFR Sec. 200.324(a)).

A **cost analysis** generally means evaluating the separate cost elements that make up the total price, while a **price analysis** means evaluating the total price, without looking at the individual cost elements.

The method and degree of analysis conducted depend on the facts surrounding the particular procurement transaction. However, the ☐ Superintendent ☐ Business Manager ☐ Federal Programs Coordinator must make an independent estimate prior to receiving bids or proposals. (2 CFR Sec. 200.324(a)). As part of the analysis, the _____ will enact established business practices which may include evaluation of similar prior procurements and a review process.

Noncompetitive Proposals (Sole Sourcing)

Procurement by noncompetitive proposals means procurement through solicitation of a proposal from only one (1) source and may be used only when one or more of the following circumstances apply:

1. The aggregate amount of the procurement transaction does not exceed the micro-purchases threshold as defined in 48 CFR 2.101.
2. The item is available only from a single source.
3. The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation. An **emergency** exists whenever the time required for the board to act in accordance with regular procedures would endanger life or property or threaten continuance of existing school classes.

DFAC PROCUREMENT – FEDERAL PROGRAM

(Sample Procedure)

4. The federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the district.
5. After solicitation of several sources, the district determines the competition is inadequate.

In addition to standard procurement policy and procedures, the district will document the grounds for using the noncompetitive method in lieu of an otherwise required competitive method of procurement, which may include written confirmation from the contractor as the sole source of the item. Documentation must be submitted to and maintained by the district office.

All noncompetitive proposals will ultimately be approved by the board. The district may utilize legal advice regarding noncompetitive proposals.

Profit must be negotiated separately for noncompetitive proposals, and a cost or price analysis will also be performed for noncompetitive proposals when the price exceeds \$250,000.

Purchase Cards

The district approves the use of purchase cards for permissible purchases by designated employees to improve the efficiency of purchasing activities, reduce processing expenses, improve controls for small-dollar purchases, and streamline contractor payment.

Purchase cards may be used for purchases under federal programs.

Full and Open Competition

All procurement transactions must be conducted in a manner providing full and open competition consistent with 2 CFR Sec. 200.320. In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, or invitations for bids must be excluded from competing on those procurements. Examples of situations that may restrict competition include but are not limited to:

1. Placing unreasonable requirements on firms them to qualify to do business.
2. Requiring unnecessary experience and excessive bonding.
3. Noncompetitive pricing practices between firms or between affiliated companies.
4. Noncompetitive contracts to consultants that are on retainer contracts.
5. Organizational conflicts of interest.

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(Sample Procedure)

6. 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.
7. Any arbitrary action in the procurement process.

Minority Businesses, Women’s Business Enterprises, Labor Surplus Area Firms

The district should ensure that small businesses, minority businesses, women’s business enterprises, veteran-owned businesses and labor surplus area firms are considered when possible. Such consideration means: (2 CFR Sec. 200.321)

1. Placing these business types on solicitation lists.
2. Assuring these business types are solicited whenever they are potential sources.
3. Dividing procurement transactions, into separate procurements to permit maximum participation by these business types.
4. Establishing delivery schedules, that encourage participation by these business types.
5. Utilizing organizations such as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce.
6. Requiring a contractor under federal award to apply these considerations to, subcontracts.

Prequalified Lists

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

[See Food Service Program Notes below for reference to state requirements regarding contracts with food service management companies and contractors of pre-plated meals.]

Solicitation Language

The district must ensure that all solicitations incorporate a clear and accurate description of the technical requirements for the property, equipment, or service to be procured. The description may include a statement of the qualitative nature of the property, equipment, or service to be procured. When necessary, the description must provide minimum essential characteristics and standards to which the property, equipment or service must conform. Detailed product specifications should be avoided if possible.

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(Sample Procedure)

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 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.

Avoiding Acquisition of Unnecessary or Duplicative Items

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

These considerations are given as part of the process to determine the allowability of each purchase made with federal funds. Such considerations are accessible in the procedure to Policy DFAC: Allowability of Costs – Federal Programs.

Use of Intergovernmental Agreements and Cooperative Purchasing

To foster greater economy and efficiency, the district enters into state and local intergovernmental agreements where appropriate for cooperative purchasing or use of common or shared goods and services, as permitted by the Intergovernmental Cooperation Act.

When procuring supplies or services for federally funded purposes to which the Uniform Grant Guidance applies, the district shall verify that the organization conducting the procurement pursuant to such agreements complies with the applicable procurement methods, requirements, and standards of the Uniform Grant Guidance as outlined in this procedure.

Use of Federal Excess and Surplus Property

The district encouraged use of federal excess and surplus property instead of purchasing new equipment and property when it 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.

[See Food Service Program Notes below for reference to state requirements regarding contracts with food service management companies and contractors of pre-plated meals.]

The district may not subcontract with or award subgrants to any person or company who is debarred or suspended. For all contracts over \$25,000 the district verifies that the contractor with

DFAC PROCUREMENT – FEDERAL PROGRAM

(Sample Procedure)

whom the district intends to do business is not excluded or disqualified. (2 CFR 200.214, Appendix II, and 2 CFR Sec. 180).

All successful contractors must provide written certification that they have not been suspended or debarred from federal projects. The { } *Business Manager* { } *Federal Programs Coordinator* will be responsible for verification. Such verification may include accessing the online federal System for Award Management (SAM) to determine whether any relevant party is subject to any suspension or debarment restrictions.

Maintenance of Procurement Records

The district must maintain records sufficient to detail the history of each procurement transaction. These records must include, the rationale for the procurement, method, 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.

Maintenance of records of procurement will be governed by board Policies CN and DFAC.

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 to obtain reasonable assurance that the contractor is using efficient methods and effective cost controls.

Settlements of Issues Arising Out of Procurements

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

Protest Procedures to Resolve Dispute

The district maintains protest procedures to handle and resolve disputes relating to procurements and, in all instances, discloses information regarding the protest to the awarding agency. Protest procedures will be acted on in accordance with current state law and regulations, board policy and administrative regulations and procedures, and the advice of the board's legal counsel.

DFAC PROCUREMENT – FEDERAL PROGRAM

(Sample Procedure)

Food Service Program Notes:

Exemption from Bidding for Perishable Food Items -

Kansas law exempts purchases of food and foodstuffs necessary for the implementation or operation of any child nutrition program from bidding requirements. Bidding for such items is required only if the cost would be at or over the federal threshold at which formal competitive bidding is required (\$250,000). Small purchase procedures may be used for purchases below \$250,000, or micro-purchase procedures for purchases below \$10,000. Use of bidding should be considered as an option if it is feasible and likely to result in cost savings.

Buy American -

The district shall purchase, to the maximum extent practicable, domestic commodities or products for food service purposes. The term **domestic commodity or product** means: (7 CFR Sec. 210.21, 220.16)

1. An agricultural commodity that is produced in the United States; and
2. A food product that is processed in the United States substantially using agricultural commodities that are produced in the United States.

Mandatory Contract Clauses -

The following provisions shall be included in all cost reimbursable contracts for food services purchases, including contracts with cost reimbursable provisions, and in solicitation documents prepared to obtain offers for such contracts: (7 CFR Sec. 210.21, 215.14a, 220.16)

1. Allowable costs will be paid from the nonprofit school food service account to the contractor net of all discounts, rebates and other applicable credits accruing to or received by the contractor or any assignee under the contract, to the extent those credits are allocable to the allowable portion of the costs billed to the school food authority;
2. (a) The contractor must separately identify for each cost submitted for payment to the school food authority the amount of that cost that is allowable (can be paid from the nonprofit school food service account) and the amount that is unallowable (cannot be paid from the nonprofit school food service account); or

(b) The contractor must exclude all unallowable costs from its billing documents and certify that only allowable costs are submitted for payment and records have been established that maintain the visibility of unallowable costs, including directly associated costs in a manner suitable for contract cost determination and verification;

DFAC PROCUREMENT – FEDERAL PROGRAM

(Sample Procedure)

3. The contractor's determination of its allowable costs must be made in compliance with the applicable departmental and program regulations and Office of Management and Budget cost circulars;
4. The contractor must identify the amount of each discount, rebate and other applicable credit on bills and invoices presented to the school food authority for payment and individually identify the amount as a discount, rebate, or in the case of other applicable credits, the nature of the credit. If approved by the state agency, the school food authority may permit the contractor to report this information on a less frequent basis than monthly, but no less frequently than annually;
5. The contractor must identify the method by which it will report discounts, rebates and other applicable credits allocable to the contract that are not reported prior to conclusion of the contract; and
6. The contractor must maintain documentation of costs and discounts, rebates and other applicable credits, and must furnish such documentation upon request to the school food authority, the state agency, or the department.

Contracts with Food Service Management Companies -

Procedures for selecting and contracting with a food service management company (FSMC) shall comply with guidance provided by the Kansas State Department of Education, Division of Child Nutrition and Wellness, including standard forms, procedures and timelines for solicitation, selection and approval of proposals and contracts. (7 CFR Sec. 210.16, 210.19, 210.21, 215.14a, 220.16)

Pre-Plated Meals -

Procedures for selecting and contracting with contractors of pre-plated meals shall comply with guidance provided by the Kansas State Department of Education, Division of Child Nutrition and Wellness, including standard forms, procedures and timelines for solicitation, selection and approval of proposals and contracts. (7 CFR Sec. 210.16, 210.19, 210.21, 220.16)

Approved: 8/22; 01/25

KASB Recommendation – 6/17; 6/18; 6/21; 12/24

DFAC TYPE OF COSTS, OBLIGATIONS AND PROPERTY MANAGEMENT – FEDERAL PROGRAM

(Sample Procedure)

Type of Costs, Obligations and Property Management – Federal Programs

The district establishes and maintains board policies, administrative regulations, and administrative procedures on administration of federal funds in federal programs as required by the Uniform Grant Guidance and other federal, state, and local laws, regulations, and requirements. The district's fiscal management system includes internal controls and grant management standards in the following areas when federal funds are involved.

Direct and Indirect Costs

Direct costs – 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.

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

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

The association of costs with a federal award determines whether costs are direct or indirect.

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

The district shall develop an indirect cost rate proposal and cost allocation plan in accordance with law, regulations, and the terms and conditions of the federal award.

Timely Obligation of Funds

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

The following table illustrates when funds must be obligated under federal regulations:

Obligation is for:	Obligation is made:
Acquisition of property	On the date on which the district makes a binding written commitment to acquire the property
Personal services by a district employee	When the services are performed
Personal services by a contractor who is not a district employee	On the date on which the district makes a binding written commitment to obtain the services
Public utility services	When the district receives the services
Travel	When the travel occurs

DFAC TYPE OF COSTS, OBLIGATIONS AND PROPERTY MANAGEMENT – FEDERAL PROGRAM

(Sample Procedure)

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 CFR §75.707; 34 CFR §76.707

All obligations must occur between the beginning and ending dates of the federal award project, which is known as the period of performance. The period of performance is dictated by law and regulations and will be indicated in the federal award. Specific requirements for carryover funds may be specified in the federal award and must be adhered to by the district. (2 CFR Sec. 200.1, 200.309)

The district will handle obligations and carry over of state-administered and direct grants in accordance with state and federal law and regulations and the terms and conditions of the federal award. Carryover will be calculated and documented by the { } *Superintendent* { } *Business Manager* { } *Federal Programs Coordinator*.

The district may initiate an extension of the period of performance under a direct grant in accordance with law, regulations, and the terms and conditions of the federal award when written notice is provided to the federal awarding agency at least ten (10) calendar days the conclusion of the period of performance. (2 CFR Sec. 200.308(g)(2))

The { } *Superintendent* { } *Business Manager* { } *Federal Programs Coordinator* will decide when an extension of the period of performance is necessary and will recommend that the board approve this process.

The { } *Superintendent* { } *Business Manager* { } *Federal Programs Coordinator* will develop the required written notice that includes that supporting justification, and revised period of performance; the notice will be issued no later than ten (10) calendar days prior to the end of the currently documented period of performance in the federal award.

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

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

The { } *Superintendent* { } *Business Manager* { } *Federal Programs Coordinator* will determine when an extension must be requested for approval by the federal awarding agency, draft the written request and notify the { } *Board* { } *Superintendent* { } *Business Manager* { } *Federal Programs Coordinator* of the requested extension.

Management of Property Acquired with Federal Funds

DFAC TYPE OF COSTS, OBLIGATIONS AND PROPERTY MANAGEMENT – FEDERAL PROGRAM

(Sample Procedure)

Contract and Purchasing Administration -

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

Property Classifications -

Property shall be classified as **real or personal property** as defined and specified in accordance with law and regulations.

Inventory Control/Management -

All personal property, other than intangible property, which is purchased with federal funds, regardless of cost, will be inventoried as a safeguard.

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

Items acquired will be physically labeled by source of funding and acquisition date.

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

1. Description of the property.
2. Manufacturer's serial number or another identification number.
3. Identification of funding source including the FAIN, and the title holder.
4. Acquisition date and the property cost.
5. Source of items, such as company name.
6. Percentage of the federal agency contribution towards the original purchase.
7. Present location, use, condition of the property, and date information was reported.
8. Pertinent information on the ultimate transfer, replacement or disposition of the item and sale price of the property.

The recipient and subrecipient are responsible for maintaining and updating property records when there is a change in the status of the property.

Physical Inventory -

DFAC TYPE OF COSTS, OBLIGATIONS AND PROPERTY MANAGEMENT – FEDERAL PROGRAM

(Sample Procedure)

Physical inventory of property will be completed by designated district staff in accordance with applicable federal law and regulation and board policy DIC.

The physical inventory of items will be conducted annually, and the results will be reconciled with the inventory records and reported to the federal awarding agency.

Maintenance -

The district establishes regular maintenance procedures to ensure that property is maintained in proper working condition in accordance with law, regulation, and board policy.

Safeguards -

The district ensures that safeguards are in place for preventing loss, damage, or theft. The district will follow the requirements:

1. Any loss, damage or theft will be reported to the { } *Superintendent* { } *Business Manager* { } *Federal Programs Coordinator*, investigated and fully documented, and may be reported to local law enforcement and shall notify the federal agency or pass-through entity of any loss, damage, or theft of equipment that will have an impact on the program.
2. If stolen items are not recovered, the district will submit copies of the investigative report and insurance claim to the federal awarding agency.
3. The district may be responsible for replacing or repairing lost, damaged, destroyed, or stolen items.
4. Replaced equipment is property of the originally funded program and should be inventoried accordingly.
5. District property may only be loaned in accordance with board policy KGA and administrative regulations and procedures.

Disposition of Property Acquired with Federal Funds –

When the district determines that real property, including land, land improvements, structures, and accessories thereto, acquired under a federal award is no longer needed for the originally authorized purpose, the district must obtain disposition instructions from the federal awarding agency or pass-through entity administering the program, in accordance with applicable law and regulations. (2 CFR Sec. 200.313)

When the district determines that equipment or supplies acquired under a federal award are no longer needed for the original project, program or for other activities currently or previously supported by a federal agency, the { } *Superintendent* { } *Business Manager* { } *Federal Programs Coordinator* will contact the federal agency or pass-through entity for disposition instructions if required by the terms and conditions of the federal award.

DFAC TYPE OF COSTS, OBLIGATIONS AND PROPERTY MANAGEMENT – FEDERAL PROGRAM

(Sample Procedure)

However, if the equipment has a fair market value of \$10,000 or less per unit, the district may retain, sell or otherwise dispose of the equipment of supplies acquired under a federal award with no further responsibility to the federal agency or pass-through entity.

Further, if the equipment has a fair market value in excess of \$10,000 and the federal agency or pass-through entity fails to provide requested disposition instructions within 120 days, the district may retain or sell the equipment, however the federal agency is entitled to an amount calculated by multiplying the percentage of the federal agency's contribution towards the original purchase by the current market value or proceeds from the sale. If the equipment is sold, the federal agency or pass-through entity may permit the district to retain from the federal share \$1,000 of the proceeds to cover expenses associated with the selling and handling of the equipment.

The district may transfer title to the property to the Federal Government or to an eligible third party. In such cases, the district shall be entitled to compensation for its attributable percentage of the current fair market value of the property.

If the district fails to take appropriate disposition actions, the federal agency or pass-through entity may direct the district to take disposition actions.

When acquiring replacement equipment, the district may either trade-in or sell the equipment and use the proceeds to offset the cost of the replacement equipment.

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

- { } Public auction and/or online sale – generally conducted by a licensed auctioneer.*
- { } Salvage – scrap sold to local dealers.*
- { } Negotiated sale – normally used when disposing of items of substantial value.*
- { } Sealed bid – normally used for items of substantial value or unique qualities.*
- { } Pre-priced sale – large quantities of obsolete or surplus equipment or supplies may be sold by this method.*
- { } Donation to charitable organizations, for equipment or supplies with little to no value.*
- { } Disposition to trash for equipment or supplies with no value.*

The { } Superintendent { } Business Manager { } Federal Programs Coordinator will be responsible for maintaining records of obsolete and surplus property disposed of, and will report to the federal agency when required.

Approved: 1/25

KASB recommendation 6/06; 4/07; 6/18; 12/19; 6/20; 12/24

DFAC TYPE OF COSTS, OBLIGATIONS AND PROPERTY MANAGEMENT – FEDERAL PROGRAM

(Sample Procedure)