

FEDERAL FISCAL COMPLIANCE

Code **DDA** Issued **xx/2019**

The district intends to comply with all requirements for state and federal grants and awards imposed by law, the awarding agency, or an applicable pass-through entity (e.g., the South Carolina Department of Education). To the extent that any provision of a board policy is contrary to federal law, regulation, term, or condition applicable to a federal award, employees must follow the applicable federal requirement.

Delegation of Responsibility

The finance office and federal programs director will develop, monitor, and enforce effective financial management systems, internal control procedures, procurement procedures, and other administrative procedures as needed to provide reasonable assurance that the district is in compliance with all requirements of state and federal grants and awards. At minimum, these procedures will include methods for the following:

- identification of all federal funds received and expended and the federal programs under which they were received
- accurate, current, and complete disclosure of the financial results of each federal award or program in accordance with federal requirements
- identification of the source and application of funds for federally-assisted activities
- effective control and accountability for all funds, property, and other assets to ensure that they are used solely for authorized purposes
- comparison of actual expenditures versus budgeted amounts for each federal award
- implementation of the cash management requirements established by the Education Department Administrative Regulations (EDGAR), the Uniform Grant Guidance (UGG), or any other applicable binding authority
- determination and documentation of allowability of all costs charged to each federal award

These systems and procedures will be approved by the chief finance officer.

Conflicts of Interest

No employee, board member, or agent of the district 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. A conflict of interest would arise when the employee, board member, or agent; any member of his or her immediate family; his or her partner; or an organization which employs or is about to employ any of these parties has a financial interest in or a tangible personal benefit from a firm considered for a contract.

No employee, board member, or agent of the district may solicit or accept any gratuities, favors, or items from a contractor or party to a subcontract for a federal grant or award; however, they may accept one single unsolicited item with a value of \$10 or less or multiple unsolicited items from a single contractor or subcontractor having an aggregate monetary value of \$10 or less in a 12-month period.

Any person who has a potential conflict of interest will disclose that contact immediately in writing to the superintendent, or his/her designee, and will not participate in the selection, award, or administration of a contract supported by a federal grant or award. The superintendent, or his/her designee, will disclose any potential conflict of interest in writing to the federal awarding agency or pass-through entity in accordance with applicable federal awarding agency policy.

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Violations of conflict of interest policy

Any person who suspects an individual has violated the conflict of interest policy will report their suspicions immediately to the superintendent or chief finance officer. These reports will be treated as confidential to the extent permitted by law, however, limited disclosure may be necessary for purposes of investigation. Neither an employee nor a member of the board will unlawfully retaliate against a person who in good faith reports such information.

Upon receipt of such information, the superintendent, in coordination with legal counsel and other individuals as appropriate, will promptly investigate the claim. If a real or apparent conflict of interest is found, the superintendent will report such information to the board and make a recommendation for appropriate disciplinary action, which may include termination of the employee, cancellation of the district's relationship with the contractor or vendor, and referral to law enforcement, where appropriate. The board will determine the final disposition of the matter. The district will promptly disclose all violations in writing to the federal awarding agency and pass-through entity.

Disclosure Requirements

The superintendent will disclose in writing to the federal awarding agency in a timely manner all violations of federal criminal law involving fraud, bribery, or gratuities potentially affecting any federal award. The superintendent will fully address any such violations promptly and will notify the board accordingly. The board may request the superintendent to develop a plan of correction for board approval in appropriate situations as determined by the board.

Cash Management Procedure

Generally, the district receives federal grant funds from the South Carolina Department of Education (SCDE) or awarding agency on a reimbursement basis.

Reimbursements

The finance office will request reimbursement for actual expenditures incurred under the federal grants monthly. Such requests will be submitted with appropriate documentation and signed by the requestor. Requests for reimbursements will be approved by the chief finance officer.

Reimbursements will be submitted appropriately to the SCDE or awarding agency. All reimbursement requests will be based on actual disbursements and not on obligations. Consistent with state and federal requirements, the district will retain source documentation supporting the federal expenditures (invoices, time sheets, payroll stubs, etc.) and will make such documentation available to the SCDE or awarding agency to review upon request.

Procurement Procedures

All purchases for property and services made using federal funds must be conducted in accordance with all applicable federal, state, and local laws and regulations; the UGG; and the district's written policies and procedures. The district will generally follow the South Carolina Procurement Code (policy DJ, *Purchasing*), however, it will modify these procedures when making purchases for federally funded purposes to which the UGG or United States Department of Agriculture (USDA) regulations apply so as to comply with both state and federal requirements.

In its procurement practices, the district will:

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- Prepare written procedures for all procurement transactions to ensure that all solicitations incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured and identify all requirements that the vendor must fulfill and all other factors to be used in evaluating bids or proposals
- Ensure that lists of prequalified vendors remain current and include enough qualified sources to ensure maximum open and free competition
- Maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders
- Avoid acquisition of unnecessary or duplicative items, giving consideration to consolidating or breaking out procurements to obtain a more economical purchase and, where appropriate, conducting an analysis of lease versus purchase alternatives, and any other appropriate analysis to determine the most economical approach
- Enter into state and local intergovernmental agreements or inter-entity agreements where appropriate for procurement or use of common or shared goods and services
- Use value engineering clauses in contracts for construction projects of sufficient size to offer reasonable opportunities for cost reductions when possible
- Award contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement, giving consideration to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources
- Consult the awardee integrity and performance portal [currently the Contractor Performance Assessment Reporting System (CPARS)] accessible through the federal System for Award Management (SAM) [currently the Past Performance Information Retrieval System (PPIRS)] to ensure that no contract is awarded to a contractor who is suspended or disbarred from eligibility for participation in federal assistance programs or activities
- Maintain records sufficient to detail the history of procurement, including, but not limited to, rationale for the method of procurement, selection of contract type, contractor selection or rejection, the basis for the contract price, and verification that the contractor is not suspended or disbarred
- Use a time and materials type contract only after a determination that no other contract is suitable and if the contract includes a ceiling price that the contractor exceeds at its own risk and assert a high degree of oversight in order to obtain reasonable assurance that contractor is using efficient methods and effective cost controls
- Be responsible, in accordance with good administrative practice and sound business judgement, for the settlement of all contractual and administrative issues arising out of procurements, including, but not limited to, source evaluation, protests, disputes, and claims
- Avoid situations that unnecessarily restrict competition, including, but not limited to, unreasonable qualification requirements for receiving school system business, unnecessary experience or excessive bonding requirements, noncompetitive pricing practices between firms or companies, noncompetitive contracts to consultants that are on retainer contracts, brand name specifications in lieu of allowing equivalent products that meet performance or other relevant requirements, or any arbitrary procurement actions
- Use noncompetitive procurement only in the circumstances allowed by the UGG

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- Exclude individuals or organizations that develop or draft specifications, requirements, statements of work, and/or invitations for bids, requests for proposals, or invitations to negotiate from competing for such purchases

Travel Reimbursement

The district will reimburse administrative, professional, and support employees and school officials for travel costs incurred in the course of performing services related to official business as a federal grant recipient. For purposes of this policy, travel costs are defined as the expenses for transportation, lodging, subsistence, and related items incurred by employees while on official business of the district as related to the federal grant.

Costs incurred by district employees for travel, including costs of lodging, other subsistence, and incidental expenses, must be considered reasonable and otherwise allowable. If these costs are charged directly to the federal award, documentation must be maintained that justifies that participation of the individual is necessary to the federal award and the costs are reasonable and consistent with the district's established travel policy (policies BID, *Board Member Compensation and Expenses*, and DKC, *Expense Authorization/Reimbursement*).

All travel costs, excluding meal per diems, must be presented with an itemized, verified statement prior to reimbursement. The validity of payments for travel costs for all district employees will be determined by the finance office.

Allowability Procedures

District expenditures for a federal grant must be allowed under the individual program, aligned with approved budgeted items, and be in accordance with the cost principles established in the UGG, including how charges made to the grant for personnel are to be determined. When determining how the district will spend its grant funds, the fund manager and finance office 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.

The district will consider the general cost guidelines in the UGG, as well as the UGG rules for specific types of items, when determining whether a cost is an allowable expenditure of federal funds. The district will also ensure that any proposed costs are allowable under the applicable program statute along with the accompanying program regulations, nonregulatory guidance, and grant award notifications. When there is a conflict between guidelines, whichever allowability requirements are stricter will govern whether a cost is allowable.

The district will only charge costs to a federal grant when the cost is:

- reasonable and necessary for the program
- in compliance with applicable laws, regulations, and grant terms
- allocable to the grant
- adequately documented
- consistent with school system policies and administrative regulations

Prior written approval for certain cost charges must be obtained as required by the awarding agency in order to avoid subsequent disallowances.

Cf. BCB, BID, DJ, DKC, GBEA

Adopted ^

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Legal References:

- A. S.C. Code of Laws, 1976, as amended:
 - 1. Section 11-35-10, *et seq.* - South Carolina Consolidated Procurement Code.
- B. Code of Federal Regulations, as amended:
 - 1. Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 C.F.R. § 200, *et seq.*