Bedford County, Tennessee

Policies and Procedures

Administration of Federal Programs

Aligned with the Requirements of the

New Uniform Grants Guidance for all Federal Funds

06/28/2016

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I. Introduction

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

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

II. Financial Management System

The County maintains a proper financial management system in order to receive both direct and state-administered grants and to expend funds associated with a grant award. Certain fiscal controls and procedures must be in place to ensure that all financial management system requirements are met. Failure to meet a requirement may result in return of funds or termination of the award.

Bedford County operates under the County Financial Management System of 1981 Act (T.C.A. 5-21-101 thru 5-21-129) which provides for the consolidation of financial functions and the establishment of a financial management system for all county funds handled by the county trustee. Under this system, a finance department is created to administer the finances of the county for all funds handled by the trustee.

Financial Management Standards

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

Identification

The County must identify, in its accounts, all federal awards received and expended and the federal programs under which they were received. Federal program and award identification must include, as applicable, the CFDA title and number, federal award identification number and year, name of the federal agency, and, if applicable, name of the pass-through entity.

Bedford County follows the State of Tennessee County Uniform Chart of Accounts (www.comptroller.tn.gov/la/LGSlocalGovernment.asp) to identify all federal awards received and expended. County Finance uses Local Government Data Processing software to track awards. Each grant is either tracked in its own subfund (as those in the School System Federal Programs Fund 142 are broken out by 010, 107, 207, 307, 605, 703, 807, 901, 911) or by using a cost center (LEAPS, CSH, SAFE, MSP, MSP4, etc.). ePlan contains the CFDA title and number, program name, etc. for each federal program received by the school system. All expenditures for grants are appropriately coded using one of the above methods. The revenue reimbursement is also coded appropriately for tracking purposes.

Financial Reporting

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

federal agency responsible for the grant award/administration for other local entity departments.

The County follows the U.S. Department of Education General Administrative Regulations (EDGAR) and the State of Tennessee reporting requirements for federal grants as well as all reporting required by the State of Tennessee, including ePlan.

Board Policy 2.701 – Financial Reports and Records

Accounting Records

The County must maintain records which adequately identify the source and application of funds provided for federally-assisted activities. These records must contain information pertaining to grant or subgrant awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation.

Bedford County School Board Policy 2.701 states that all financial records shall be maintained as required by regulation and applicable state and federal law. The corresponding administrative procedure calls for records pertaining to federal funds be maintained for five years. (TCA 10-7-404 (a) requires financial records to be retained for 5 years).

Board Policy 2.701 – Financial Reports and Records

Administrative Procedure 2.701.1 – Financial Reports and Records

Internal Controls

Effective control and accountability must be maintained for all funds, real and personal property, and other assets. The County/School System must adequately safeguard all such property and must assure that it is used solely for authorized purposes.

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

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

The County adheres to the internal controls inherent within the accounting procedures as established by the State of Tennessee. The County follows GASB and FASB regulations relative to accounting processes and reporting.

The School Board supports the establishment and effectiveness of district internal controls as indicated in *Board Policy 2.100 – Fiscal Management Goals* through efficient procedures for accounting, reporting, purchasing and delivery, payroll, payment of vendors and contractors, and all other areas of fiscal management.

Budget Control

Actual expenditures or outlays must be compared with budgeted amounts for each federal award.

For the School System, *Board Policies 2.800 – Expenditure of Funds* and *2.400 – Revenues* require that the Superintendent of Schools implement federal grant expenditure and cash management procedures that comply with all federal laws and regulations.

The County continually monitors expenditures relative to federal allocation. The accounting system and procedures in place do not allow for overspending of budget allocation within the system. School Board Policy 2.800 mandates that employees of the school system will not create or authorize creation of a deficit in any fund. Expenditures or encumbrances will not be authorized, made or incurred in excess of any fund.

Cash Management

The County must maintain written procedures to implement the cash management requirements found in EDGAR for school districts or the federal agency responsible for the grant award/administration for other local entity departments.

Board Policy 2.400 – Revenues provides guidance on federal grant expenditure and cash management procedures per the Cash Management Improvement Act.

The School System's federal grants are reimbursable grants. Requisitions, followed by encumbering of dollars, followed by a payment of the invoice must be done prior to requesting reimbursement for grant expenditures. No district fund may be in the negative.

At a minimum, the Deputy Director of Finance requests reimbursements twice a month. Due to the time it takes for the money to arrive (7-10 days), requests are generally made 10 days prior to a payroll to ensure the needed funds are available to cover payroll and any invoices received. Through a one-time resolution, there was a permanent transfer of $100,000 from the general purpose budget to Federal Projects 142 for a cushion to help avoid a transfer from general

purpose in the event of an emergency purchase or to cover any deficit. Federal project funds are continually monitored to assure positive cash flow.

In non-school departments, the Supervisor/Department head designates an employee to file reimbursement requests with the appropriate federal/state agency. Such requests are then forwarded to the finance office.

Allowable Costs

The School System must maintain written procedures for determining allowability of costs in accordance with EDGAR (see *Determining Allowability of Costs* on Page 9 of this document) for school districts or the federal agency responsible for the grant award/administration for other local entity departments

Board Policy 2.805 – Purchasing and *Board Policy 2.400 – Revenues* address purchasing with federal grant funds and require that before grant funds are obligated or expended, the Superintendent of Schools or his designee shall review the cost of a proposed expenditure and determine if it is an allowable use of federal grant funds.

The Supervisor/Department head of a county department must review the cost of a proposed expenditure and determine whether the expenditure is an allowable use of federal grant funds.

A. Overview of the Financial Management/Accounting System

Bedford County uses Local Government Data Processing Corporation software, which was designed by the State. This system handles general ledger accounting, payroll and purchasing. The new budget is able to be loaded into the software once the prior fiscal year has been closed. Budgets are manually keyed into the software and must match the spreadsheet approved by the State and local Boards of Education. Each Federal award/grant is tracked as a separate sub-fund in the software, or by using a Cost Center. The sub-funds or Cost Centers identify the name of the federal award/grant. The Finance Department is responsible for the financial management, payroll and accounts payable for all county funds, including federal awards/grants. An asset inventory listing is prepared by the Federal Projects office annually for the school system. The Finance Department independently audits a random sample of classrooms annually to verify the inventory listing provided by Federal Projects.

The Finance Department will compile timely and accurate financial reports. Reports are reviewed and approved by Department Heads/Program Managers and the Superintendent of Schools. The reports are prepared and submitted as specified by the financial reporting clause of each grant or contract award document. These reports include monthly and cumulative expenditures, project budgets, and a balance remaining column.

B. Budgeting

The Planning Phase: Meetings and Discussions

Before Receiving the Grant Award Letter:

Department Heads/Grant Program Managers should meet with County Finance in preparation of their grant application. Prior to submission of non-school grants applications to state, federal or other agencies, the Department Head should inform County Finance as to any potential financial and risk management liability. A non-school grant application should be signed by both the County Mayor and the Director of Finance, or his designee. The application should be on file in the Finance Office.

For school system grants, *Board Policy 2.400 – Revenues* states "ePlan is the state's online planning and grants management system for LEAs. District personnel will use ePlan to submit and revise district plans, apply for federal funding to support plans, request reimbursements and report expenditures, process budget amendments and program revisions when needed and produce summative reports for oversight and review. Budget functionality through ePlan is available for all state and federal grants."

Discussions are held between the Superintendent, Assistant Superintendent, Deputy Director of Finance, Department Heads/ Grant Program Managers, Building Principals and any others affected by grants to determine funding needs and priorities based on district goals. Early decisions for the budget are based on the prior year's award. Decisions are made based on needs assessments done each fall and through monitoring of changes in needs throughout the fiscal year. The district as well as the individual schools complete an annual needs assessment on ePlan (School system only). Before budget requests for new resources are considered, current and existing resources are reviewed to determine the specific needs for the upcoming fiscal year. The time frame for the federal budget process begins in the late fall preceding the upcoming fiscal year and continues through spring. In the case of new awards granted throughout the fiscal year, the process is expedited based on needs, availability of funds, and amount of funds.

Reviewing and Approving the Budget:

For school system grants, by early Spring Department Heads/Grant Program Managers and the Superintendent or his Designee review the items in the budget to ensure allowability and then forward to the Deputy Finance Director. (See Section [E] for a discussion on performing

allowability determinations.) If the Deputy Finance Director determines that a cost is not allowable, then the budget will be sent back to the District's Department Head/Program Manager and the Superintendent or his designee for revisions. Once the Deputy Finance Director determines that all budgeted items are allowable, the budget is sent to the State Department of Education for final review and approval. Generally, the budget receives final approval by July 1st. Once the budget is approved by the State, it is submitted for approval to the local Board of Education and then entered in to the local accounting software.

After Receiving the grant award letter

For school system grants, upon receipt of the grant award letter the Department Head/Program Manager will meet with the Superintendent and/or Deputy Finance Director to discuss adjustments that need to occur. If the amount is changed (increased or decreased), then a meeting is held to determine the best use of the funds awarded.

For County Department grants, an executed copy of the grant is forwarded to the Finance Office to be maintained in the grant files.

Amending the Budget

When the County is notified of a grant award, the Department Head/Grant Program Manager should contact County Finance to prepare a budget amendment to budget the funds awarded.

For school system grants:

- A revision is made on ePlan by program department heads for federal budgets. The revision must be approved by the Deputy Director of Finance, the state and the district's LEA authorized representative via the ePlan system. Only then should funds be available to spend. Federal amendments are then presented to the Board of Education for approval.
- General purpose budget amendments must be approved by the Superintendent and County Finance Director. General purpose amendments are then presented to the Board of Education for approval and then to the County Commission for final approval.

For County Department grants, the Department Head/Supervisor will submit an amendment to the County Finance department. The amendment is presented to the Finance Committee and then to the County Commission for final approval.

Budget Control

The County monitors its financial performance by comparing and analyzing actual results with budgeted results. Monthly financial statements are prepared that compare actual expenditures to budgeted expenditures. These reports are provided by the Finance Department to each Department Head/Program Manager responsible for the federal award/grant. Reports are generated more often if requested by the Supervisor. If the Finance Department determines that a significant difference exists between reporting cycles, the Finance Department will contact the appropriate Department Head/Program Manager for immediate action, including but not limited to a budget amendment or a cancellation of a purchase.

C. Accounting Records

The Bedford County Department of Finance is responsible for maintaining the accounting records for the entire county. The Department of Finance prepares financial statements in conformity with generally accepted accounting principles (GAAP), and audited in accordance with generally accepted auditing standards by the State of Tennessee's Comptroller of the Treasury, Division of Local Government Audit, or by independent public accountants within six months of the close of each fiscal year. As required by the State of Tennessee's Comptroller of the Treasury, the Department of Finance follows the County Uniform Chart of Accounts, which is available on the Comptroller's website.

D. Spending Grant Funds

Bedford County Grant Program Managers work with State, Federal and/or Other Grant Source representatives in determining allowable cost for their specific grant program. All grant contracts have specifics in regard to allowable expenses for that specific grant. The local Grant Program Managers also work with County Finance to ensure which guidelines should be referred to in the budget and purchasing process.

For school system grants, the process to determine what items (i.e., goods and services) should be included in the budget is first and foremost, needs-based. District staff and school staff make decisions on specific items to be included based on current assessment of student and staff needs.

While developing and reviewing the grant budget, district and county finance staff should keep in mind the difference between direct costs and indirect costs as outlined below.

Direct and Indirect Costs Defined

Determining Whether a Cost is Direct or Indirect: Direct costs are those costs that can be identified specifically with a particular final cost objective, such as a federal award, or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy. 2 C.F.R. § 200.413(a). Indirect costs are those that have been incurred for a common or joint purpose benefitting more than one cost objective, and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved. 2 C.F.R. § 200.56. Costs incurred for the same purpose in like circumstances must be treated consistently as either direct or indirect costs. 2 C.F.R. § 200.413(a).

Identification with the federal award rather than the nature of the goods and services involved is the determining factor in distinguishing direct from indirect costs of Federal awards. Typical costs charged directly to a Federal award are the compensation of employees who work on that award, their related fringe benefit costs, the costs of materials and other items of expense incurred for the Federal award. 2 C.F.R. § 200.413(b). The salaries of administrative and clerical staff should normally be treated as indirect costs. Direct charging of these costs may be appropriate only if all of the following conditions are met:

- Administrative or clerical services are integral to a project or activity;
- Individuals involved can be specifically identified with the project or activity;
- Such costs are explicitly included in the budget or have the prior written approval of the federal awarding agency; and
- The costs are not also recovered as indirect costs. 2 C.F.R. § 200.413(c).

Indirect Cost Rate: TDOE approves indirect cost rates for one year. The regional fiscal consultant assigned by the State Department of Education calculates the indirect cost rate for the School System annually.
http://www.state.tn.us/education/districts/finance/loc_fin_indirect_cost_manual.pdf

If indirect cost is available for grants from other than the Department of Education, Bedford County is allowed to utilize the current approved indirect cost for the School System on other grants when approved by the Grantor (i.e. Federal Office or Justice Programs). Indirect Cost is utilized when possible as a rule, unless it would interfere with the grant program, resulting in a negative impact.

Applying the Indirect Cost Rate: Once the District has an approved indirect cost rate, the percentage is multiplied against the actual direct costs (excluding distorting items such as

equipment, contracts in excess of $25,000, pass-through funds, etc.) incurred under a particular grant to produce the dollar amount of indirect costs allowable to that award. 34 C.F.R § 75.564; 34 C.F.R. § 76.569. Once the District applies the approved rate, the funds that may be claimed for indirect costs have no federal accountability and may be used as if they were non-federal funds. For Direct Grants, reimbursement of indirect costs is subject to the availability of funds and statutory or administrative restrictions. 34 C.F.R. § 75.564.

Where a federal program has a specific cap on the percentage of administrative costs that may be charged to a grant, that cap must include all direct administrative charges as well as any recovered indirect charges.

Determining Allowability of Costs

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

When determining how the County will spend its grant funds, local Department Heads/Grant Program Managers will review the proposed cost to determine whether it is an allowable use of federal grant funds *before* obligating and spending those funds on the proposed good or service. All costs supported by federal education funds must meet the standards outlined in EDGAR, 2 C.F.R. § 200.403, which are provided in the bulleted list below. Local Department Heads/Grant Program Managers must consider these factors when making an allowability determination. (*Board Policy 2.400-Revenues*)-School System

- **Be Necessary and Reasonable for the performance of the federal award.** County/School System staff must consider these elements when determining the reasonableness of a cost. A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision to incur the cost was made. For example, reasonable means that sound business practices were followed, and purchases were comparable to market prices.

  When determining reasonableness of a cost, consideration must be given to:
  - Whether the cost is a type generally recognized as ordinary and necessary for the operation of the County/School System or the proper and efficient performance of the federal award.
  - The restrains or requirements imposed by factors, such as: sound business practices; arm's-length bargaining; federal, state and other laws and regulations; and terms and conditions of the federal award.
  - Market prices for comparable goods or services for the geographic area.

- Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the County/School System, its employees, its students, the public at large, and the federal government.
- Whether the district significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the federal award's cost. 2 C.F.R. § 200.404

While 2 C.F.R. § 200.404 does not provide specific descriptions of what satisfies the "necessary" element beyond its inclusion in the reasonableness analysis above, necessary is determined based on the needs of the program. Specifically, the expenditure must be necessary to achieve an important program objective. A key aspect in determining whether a cost is necessary is whether the district can demonstrate that the cost addresses an existing need, and can prove it. For example, the district 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 grant program.
- Whether the cost is identified in the approved budget or application.
- Whether there is an educational benefit associated with the cost.
- Whether the cost aligns with identified needs based on results and findings from a needs assessment.
- Whether the cost addresses program goals and objectives and is based on program data.

- **Allocable to the federal award.** A cost is allocable to the federal award if the goods or services involved are chargeable or assignable to the federal award in accordance with the relative benefit received. This means that the federal grant program derived a benefit in proportion to the funds charged to the program. 2 C.F.R. § 200.405. For example, if 50% of a teacher's salary is paid with grant funds, then that teacher must spend at least 50% of his or her time on the grant program.

- **Consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the County/School System.**

- **Conform to any limitations or exclusions set forth as cost principles in Part 200 or in the terms and conditions of the federal award.**

- **Consistent treatment.** A cost cannot be assigned to a federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been assigned as an indirect cost under another award.

- **Adequately documented.** All expenditures must be properly documented.

- **Be determined in accordance with general accepted accounting principles (GAAP), unless provided otherwise in Part 200.**

- **Not included as a match or cost-share, unless the specific federal program authorizes federal costs to be treated as such.** Some federal program statutes require the non-federal entity to contribute a certain amount of non-federal resources to be eligible for the federal program.

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

  Following IRS guidelines, benefits like miles, hotel points, etc., which are not considered to be "credits", are treated as de minimis fringe benefits.

Part 200's cost guidelines must be considered when federal grant funds are expended. As provided above, federal rules require state- and County/Department level requirements and policies regarding expenditures to be followed as well. For example, state and/or County/School System policies relating to travel or equipment may be narrower than the federal rules, and the stricter State and/or County/Department policies must be followed. Further, certain types of incentives are allowable under federal law, but are not allowable under State law.

Selected Items of Cost

Part 200 examines the allowability of 55 specific cost items (commonly referred to as Selected Items of Cost) at 2 C.F.R. §§ 200.420-200.475. These cost items are listed in the chart below along with the citation where it is discussed whether the item is allowable. Please do not assume that an item is allowable because it is specifically listed in the regulation as it may be unallowable despite its inclusion in the selected items of cost section. The expenditure may be unallowable

for a number of reasons, including: the express language of the regulation states the item is unallowable; the terms and conditions of the grant deem the item unallowable; or State/local restrictions dictate that the item is unallowable. The item may also be unallowable because it does not meet one of the cost principles, such as being reasonable because it is considered too expensive. If an item is unallowable for any of these reasons, federal funds cannot be used to purchase it.

County/School System personnel responsible for spending federal grant funds and for determining allowability must be familiar with the Part 200 selected items of cost section. The County/School System must follow these rules when charging these specific expenditures to a federal grant. When applicable, County/School System staff must check costs against the selected items of cost requirements to ensure the cost is allowable. In addition, State, County and program-specific rules may deem a cost as unallowable and County/School System personnel must follow those non-federal rules as well.

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 C.F.R. § 200.421
Advisory councils	2 C.F.R. § 200.422
Alcoholic beverages	2 C.F.R. § 200.423
Alumni/ae activities	2 C.F.R. § 200.424
Audit services	2 C.F.R. § 200.425
Bad debts	2 C.F.R. § 200.426
Bonding costs	2 C.F.R. § 200.427
Collection of improper payments	2 C.F.R. § 200.428
Commencement and convocation costs	2 C.F.R. § 200.429
Compensation – personal services	2 C.F.R. § 200.430
Compensation – fringe benefits	2 C.F.R. § 200.431
Conferences	2 C.F.R. § 200.432
Contingency provisions	2 C.F.R. § 200.433
Contributions and donations	2 C.F.R. § 200.434
Defense and prosecution of criminal and civil proceedings, claims, appeals and patent infringements	2 C.F.R. § 200.435
Depreciation	2 C.F.R. § 200.436
Employee health and welfare costs	2 C.F.R. § 200.437
Entertainment costs	2 C.F.R. § 200.438
Equipment and other capital expenditures	2 C.F.R. § 200.439

Exchange rates	2 C.F.R. § 200.440
Fines, penalties, damages and other settlements	2 C.F.R. § 200.441
Fund raising and investment management costs	2 C.F.R. § 200.442
Gains and losses on disposition of depreciable assets	2 C.F.R. § 200.443
General costs of government	2 C.F.R. § 200.444
Goods and services for personal use	2 C.F.R. § 200.445
Idle facilities and idle capacity	2 C.F.R. § 200.446
Insurance and indemnification	2 C.F.R. § 200.447
Intellectual property	2 C.F.R. § 200.448
Interest	2 C.F.R. § 200.449
Lobbying	2 C.F.R. § 200.450
Losses on other awards or contracts	2 C.F.R. § 200.451
Maintenance and repair costs	2 C.F.R. § 200.452
Materials and supplies costs, including costs of computing devices	2 C.F.R. § 200.453
Memberships, subscriptions, and professional activity costs	2 C.F.R. § 200.454
Organization costs	2 C.F.R. § 200.455
Participant support costs	2 C.F.R. § 200.456
Plant and security costs	2 C.F.R. § 200.457
Pre-award costs	2 C.F.R. § 200.458
Professional services costs	2 C.F.R. § 200.459
Proposal costs	2 C.F.R. § 200.460
Publication and printing costs	2 C.F.R. § 200.461
Rearrangement and reconversion costs	2 C.F.R. § 200.462
Recruiting costs	2 C.F.R. § 200.463
Relocation costs of employees	2 C.F.R. § 200.464
Rental costs of real property and equipment	2 C.F.R. § 200.465
Scholarships and student aid costs	2 C.F.R. § 200.466
Selling and marketing costs	2 C.F.R. § 200.467
Specialized service facilities	2 C.F.R. § 200.468
Student activity costs	2 C.F.R. § 200.469
Taxes (including Value Added Tax)	2 C.F.R. § 200.470
Termination costs	2 C.F.R. § 200.471
Training and education costs	2 C.F.R. § 200.472
Transportation costs	2 C.F.R. § 200.473
Travel costs	2 C.F.R. § 200.474
Trustees	2 C.F.R. § 200.475

Likewise, it is possible for the State and/or County/School System to put additional requirements on a specific item of cost. Under such circumstances, the stricter requirements must be met for a cost to be allowable. Accordingly, employees must consult federal, State and County/School System requirements when spending federal funds. For example, often the State's travel rules are more restrictive than federal rules, which means the State's policies must be followed.

In order for a cost to be allowable, the expenditure must also be allowable under the applicable program statute (e.g., Title I of the Elementary and Secondary Education Act (ESEA), or the Carl D. Perkins Career and Technical Education Act (Perkins), TEMA/FEMA for EMA), along with accompanying program regulations, non-regulatory guidance and grant award notifications.

The state and/or County Department rules related to some specific cost items are listed in the policies below and their corresponding procedures. Department employees must be aware of these State and District rules and ensure they are complying with these requirements.

Bedford County Financial Management Policies and Procedures

For the School System:
Board Policy 2.703- Audits
Board Policy 2.600 – Bonded Employees
Board Policy 5.110 – Compensation Guides and Contracts
Board Policy 2.401 – Gifts and Bequests
Board Policy 6.710 - Gifts
Board Policy 3.600 – Insurance Management
Board Policy 6.709 – Student Fees and Fines
Board Policy 6.701 – Student Solicitations/Fundraising Activities
Board Policy 2.402 – Investment Earnings
Board Policy 3.402 – Special Use of School Vehicles
Board Policy 2.804 – Expenses and Reimbursements
Board Policy 6.708 – Awards and Scholarships
Board Policy 2.900 – Student Activity Funds Management
Board Policy 2.704 – Fixed Assets
All BCS Policies can be found at www.bedfordk12tn.net
TN State Board of Education Rules and Regulations – http://www.tn.gov/sbe/rul_reg.shtml
TN State Board of Education Policies, Standards and Guidelines – http://www.tn.gov/sbe/policies.shtml

Frequent Types of Costs

Travel: Travel costs are the expenses for transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of a grant recipient. Such costs may be charged on an actual cost basis, on a per diem or mileage basis in lieu of actual costs incurred, or on a combination of the two, provided the method used is applied to an entire trip and not selected days of the trip, and results in charges consistent with those normally allowed in like circumstances in the recipient's non-federally funded activities and in accordance with the recipient's written travel reimbursement policies. 2 C.F.R § 200.474(a).

Costs incurred by employees and officers for travel, including costs of lodging, other subsistence, and incidental expenses, must be considered reasonable and otherwise allowable only to the extent such costs do not exceed charges normally allowed by the County in its regular operations as the result of its written travel policy. In addition, if these costs are charged directly to the federal award, documentation must be maintained that justifies that (1) participation of the individual is necessary to the federal award; and (2) the costs are reasonable and consistent with the County's established policy. 2 C.F.R § 200.474(b).

Bedford County follows the State's travel regulations. Bedford County will not pay any per diem for meals or snacks when these are provided by the conference, meeting, in-service, training, etc. whether attended in-state or out-of-state.
https://www.tn.gov/assets/entities/finance/attachments/policy8.pdf

Helpful Questions for Determining Whether a Cost is Allowable

In addition to the cost principles and standards described above, local Department Heads/Grant Program Managers can refer to this section for a useful framework when performing an allowability analysis. In order to determine whether federal funds may be used to purchase a specific cost, it is helpful to ask the following questions:

- Is the proposed cost allowable under the relevant program?
- Is the proposed cost consistent with an approved program plan and budget?
- Is the proposed cost consistent with program specific fiscal rules?
    - For example, the County/School System may be required to use federal funds only to supplement the amount of funds available from nonfederal (and possibly other federal) sources.
- Is the proposed cost consistent with EDGAR?

- Is the proposed cost consistent with specific conditions imposed on the grant (if applicable)?

As a practical matter, local Department Heads/Grant Program Managers should also consider whether the proposed cost is consistent with the underlying needs of the program. For example, program funds must benefit the appropriate population of students for which they are allocated. 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. Also, funds should be targeted to address areas of weakness, as necessary. To make this determination, local Department Heads/Grant Program Managers should review data when making purchases to ensure that federal funds to meet these areas of concern.

E. Federal Cash Management Policy/Procedures

The County will comply with applicable methods and procedures for payment that minimize the time elapsing between the transfer of funds and disbursement by the District, in accordance with the Cash Management Improvement Act at 31 C.F.R. Part 205. Generally, the County receives payment from the TDOE or other State/Federal Agency on a reimbursement basis. 2 C.F.R. § 200.305. However, if the County receives an advance in federal grant funds, the County will remit interest earned on the advanced payment quarterly to the federal agency. The County may retain interest amounts up to $500 per year for administrative expenses. 2 C.F.R. § 200.305(b)(9).

According to guidance from the U.S. Department of Education (ED), when calculating the interest earned on ED grant funds, in any situation where the State draws from the G5 system in advance of the County using non-federal funds to pay vendors and/or employees, the only events and dates that are relevant are: 1) the date on which the federal grant funds are drawn down by the State; and 2) the date on which those funds are disbursed by the County. Any interest earned on those funds while on-deposit in the County's bank account after drawdown and before disbursal must be included in the interest earned calculation.

Payment Methods

Reimbursements: All reimbursements are based on actual disbursements, not on obligations. The County may initially charge federal grant expenditures to nonfederal funds.

The Finance Department will request reimbursement for actual expenditures incurred under the federal grants at least monthly. Reimbursement requests will be submitted via ePlan or the appropriate designated program for non-school grants. All reimbursements are based on actual disbursements, not on obligations.

Reimbursement requests must be within an approved budgeted line-item, and cannot exceed 10% of the total amount budgeted.

Consistent with state and federal requirements, and the Bedford County Financial Management Policies and Procedures, the County will maintain source documentation supporting the federal expenditures, including requisitions, purchase orders, invoices, packing slips, time sheets, contracts, etc., and will make such documentation available for the TDOE or other non-schools agency to review upon request.

Reimbursements of actual expenditures do not require interest calculations.

Advances: To the extent the County receives advance payments of federal grant funds, the County will strive to expend the federal funds on allowable expenditures within 72 hours of receipt. The County will hold federal advance payments in interest-bearing accounts, unless an allowable exception applies. The County will calculate interest earned on cash balances after 72 hours of receipt of advance payments.

Interest will be calculated quarterly. Total federal grant cash balances will be calculated on cash balances per grant and applying the County's actual/average interest rate. The County may retain up to $500 of interest earned per year. Within 30 days of the end of the quarter, the County will remit interest earned on U.S. Department of Education grants in excess of $500 to Department of Health and Human Services Payment Management System, Rockville, MD 20852. The interest remittance will be prepared by the County Finance Director or the Deputy Director and back up documentation kept on file at County Finance.

F. Timely Obligation of Funds

For school system grants, *Board Policy 2.400 – Revenues* and *Board Policy 2.805 – Purchasing* call for the Superintendent to minimize the time that elapses between the transfer and disbursement of funds once an expenditure has been approved.

When Obligations are Made

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

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

If the obligation is for:	The obligation is made:
Acquisition of property	On the date which the County/School System makes a binding written commitment to acquire the property
Personal services by an employee of the County/School System	When the services are performed
Personal services by a contractor who is not an employee of the County/School System	On the date which the County/School System makes a binding written commitment to obtain the services
Public utility services	When the County/School System receives the services
Travel	When the travel is taken
Rental of property	When the County/School System uses the property
A pre-agreement cost that was properly approved by the Secretary under the cost principles in 2 C.F.R. part 200, Subpart E-Cost Principles.	On the first day of the project period.

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

Period of Availability of Federal Funds

All obligations must occur on or between the beginning and ending dates of the grant project. 34 C.F.R. § 76.707. This period of time is known as the period of availability. The period of availability is dictated by statute and will be indicated in the grant award letter. Further, certain grants have specific requirements for carryover funds that must be adhered to.

State-Administered Grants: As a general rule, state-administered federal funds are available for obligation within the year that Congress appropriates the funds for. However, given the unique nature of educational institutions, for many federal education grants, the period of availability is 27 months. Federal education grant funds are typically awarded on July 1 of each year. While the County/School System will always plan to spend all current grant funds within the year the grant was appropriated for, the period of obligation for any grant that is covered by the "Tydings

Amendment" is 27 months, extending from July 1 of the fiscal year for which the funds were appropriated through September 30 of the second following fiscal year. This maximum period includes a 15-month period of initial availability, plus a 12-month period for carryover. 34 C.F.R. § 76.709. For example, funds awarded on July 1, 2015 would remain available for obligation through September 30, 2017.

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

For both state-administered and direct grants, regardless of the period of availability, the County/School System must liquidate all obligations incurred under the award not later than 90 days after the end of the funding period unless an extension is authorized. 2 C.F.R. § 200.343(b). Any funds not obligated within the period of availability or liquidated within the appropriate timeframe are said to lapse and must be returned to the awarding agency. 2 C.F.R. § 200.343(d). Consequently, the County/School System closely monitors grant spending throughout the grant cycle.

Carryover

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

The School System Final Expenditure Report (FER) is reconciled and submitted to TDOE via ePlan. Any carryover funds are automatically transferred to the current grant application to be budgeted prior to expending. For programs with carryover limitations (i.e. ESEA Title I, Title III) a carryover waiver request letter will be submitted to TDOE when the carryover exceeds the cap.

For Non-School grants the final expenditure reporting is due on the date as specified in each individual grant. Final grant program reports are completed by the local Department Head/Grant Program Managers and are submitted to the Federal, State, or other Grantor Representative to close the grant program. All grants have different reporting requirements and are handled as required to fulfill the Grantee obligations.

Direct Grants: Grantees receiving direct federal grants are not covered by the 12 month Tydings period, i.e. ESEA-Title VI, SRSA. However, under 2 C.F.R. § 200.308, direct grantees enjoy unique

authority to expand the period of availability of federal funds. The County is authorized to extend a direct grant automatically for one 12-month period. Prior approval is not required in these circumstances; however, in order to obtain this extension, the County must provide written notice to the federal awarding agency at least 10 calendar days before the end of the period of performance specified in the award. This one-time extension may not be exercised merely for the purpose of using unobligated balances.

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

- The terms and conditions of the Federal award prohibit the extension;
- The extension requires additional Federal funds; or
- The extension involves any change in the approved objectives or scope of the project. 2 C.F.R. § 200.308(d)(2).

Local Department Heads/Grant Program Managers discern if extensions will be necessary for their current grant programs. The Department Heads and Deputy Director of Finance along with Grant Program Managers will make this decision. The authorized party representing the Grantor makes the determination as to the validity of the request, and gives approval if granted in writing to the Grantee.

G. Program Income

Definition

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

Program income includes, but is not limited to, income from fees for services performed, the use or rental of real or personal property acquired under federal awards, the sale of commodities or items fabricated under a federal award, license fees and royalties on patents and copyrights, and principal and interest on loans made with federal award funds. Interest earned on advances of federal funds is not program income. Except as otherwise provided in federal statutes, regulations, or the terms and conditions of the federal award, program income does not include rebates, credits, discounts, and interest earned on any of them. 2 C.F.R. § 200.80. Additionally, taxes, special assessments, levies, fines, and other such revenues raised by a recipient are not program income unless the revenues are specifically identified in the federal award or federal

awarding agency regulations as program income. Finally, proceeds from the sale of real property, equipment, or supplies are not program income. 2 C.F.R. § 200.307.

Use of Program Income

The default method for the use of program income for the County is the deduction method. 2 C.F.R. § 200.307(e). Under the deduction method, program income is deducted from total allowable costs to determine the net allowable costs. Program income will only be used for current costs unless the County/School System is otherwise directed by the federal awarding agency or pass-through entity. 2 C.F.R. § 200.307(e)(1). The LEA may also request prior approval from the federal awarding agency to use the addition method. Under the addition method, program income may be added to the Federal award by the Federal agency and the non-Federal entity. The program income must then be used for the purposes and under the conditions of the Federal award. 2 C.F.R. § 200.307(e)(2).

While the deduction method is the default method, the County always refers to the grant award letter prior to determining the appropriate use of program income.

Bedford County does not receive any program income for any of the federal programs administered.

III. Procurement System

The County maintains the following purchasing procedures:

A. Responsibility for Purchasing

Under the Financial Management Act of 1981, the Bedford County Finance Department is responsible for all purchases made for Bedford County. The Finance Director is the Purchasing Agent for Bedford County. The Department Heads have the authority to designate within their departments various personnel responsible for executing a requisition. The Finance Director or Designee determines the availability of funds. If available, a purchase order number is given and then processed.

For school grant funds, before grant funds are obligated or expended, the Superintendent or his designee shall review the cost of a proposed expenditure and determine if it is an allowable use of federal grant funds. All expenditures shall be approved by the Finance Director after having been authorized by the Board or the Superintendent. No expenditures shall be made except on an approved purchase order or contract. No expenditure may be authorized or made which exceeds the appropriation for any fund. Employees of the system will not create or authorize creation of a deficit in any fund. Expenditures or encumbrances will not be authorized, made or incurred in excess of any fund balance. The Superintendent shall implement federal grant expenditure and cash management procedures that comply with all federal laws and regulations.

Bedford County Financial Management Policies and Procedures Manual – Chapter 5

Board Policy 2.800 – Expenditure of Funds

Board Policy 2.805 – Purchasing

B. Purchase Methods

The type of purchase procedures required depends on the cost of the item(s) being purchased. **Note, if state or local procurement policy is more restrictive than the federal purchase methods below, districts must always follow the most restrictive policy.**

Purchases up to $25,000

T.C.A. Annotated (T.C.A.) allows a County/School System to choose to follow the prescribed purchasing procedures of the county's local governing body, or to develop its own policies and

procedures. T.C.A. § 49-2-203 (a)(3)(B) states, "If the LEA chooses not to follow the local governing body's purchasing procedures, all purchases of less than ten thousand dollars ($10,000) may be made in the open market without newspaper notice, but shall, whenever possible, be based upon at least three (3) competitive bids." The 2015 Public Chapter 457 amended Title 12, Chapter 3 authorizes the County Commission by resolution to increase the threshold over which public advertisement and sealed competitive bids or proposals are required to an amount up to $25,000 for non-emergency, non-proprietary purchases in counties having "centralized purchasing" and a full-time purchasing agent. The Bedford County Board of Commissioners approved a resolution to raise Bedford County's bid threshold to $25,000.

Bedford County Financial Management Policies and Procedures Manual – Chapter 5

Board Policy 2.805 - Purchasing

Purchases over $25,000

T.C.A. Annotated allows a county/school system to choose to follow the prescribed purchasing procedures of the county's local governing body, or to develop its own policies and procedures. Regarding purchases estimated to exceed thousand dollars ($10,000), T.C.A. § 49-2-203 (a)(3)(A) states "All expenditures for such purposes may follow the prescribed procedures of the LEA's respective local governing body, so long as that body, through its charter, private act or ordinance has established a procurement procedure that provides for advertisement and competitive bidding, except that, if a newspaper advertisement is required, it may be waived in case of emergency. If the LEA chooses not to follow the local governing body's purchasing procedures, all expenditures for such purposes estimated to exceed ten thousand dollars (10,000) or more shall be made on competitive bids, which shall be solicited by advertisement in a newspaper of general circulation in the county, except that the newspaper advertisement may be waived in the event of an emergency. School districts that have a purchasing division may use a comprehensive vendor list for the purpose of soliciting competitive bids; provided, further, that the purchasing division shall periodically advertise in a newspaper of general circulation in the county for vendors and shall update the list of vendors following the advertisement."

Regarding purchases less than ten thousand dollars ($10,000) T.C.A. § 49-2-203 (a)(3)(B) states "If the LEA chooses not to follow the local governing body's purchasing procedures, all purchases of less than ten thousand dollars ($10,000) may be made in the open market without newspaper notice, but shall, whenever possible, be based upon at least three (3) competitive bids."

The 2015 Public Chapter 457 amended Title 12, Chapter 3 authorizes the County Commission by resolution to increase the threshold over which public advertisement and sealed competitive bids or proposals are required to an amount up to $25,000 for non-emergency, non-proprietary

purchases in counties having "centralized purchasing" and a full time purchasing agent. The Bedford County Board of Commissioners approved a resolution to raise Bedford County's threshold to $25,000.

Bedford County Financial Management Policies and Procedures Manual – Chapter 5

Board Policy 2.806 – Bids and Quotations

Competitive Proposals: The technique of competitive proposals is normally conducted with more than one source submitting an offer, and either a fixed price or cost-reimbursement type contract is awarded. It is generally used when conditions are not appropriate for the use of sealed bids. If this method is used, the following requirements apply:

- Requests for proposals must be publicized and identify all evaluation factors and their relative importance. Any response to publicized requests for proposals must be considered to the maximum extent practical;
- Proposals must be solicited from an adequate number of qualified sources; and
- Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered.

For competitive proposals, EDGAR requires recipients to have a written method for conducting technical evaluations of the proposals received and for selecting recipients. (See Chapter 8 – Formal Bidding Policies in the Bedford County Financial Management Policies and Procedures Manual.)

Architectural/Engineering Professional Services: The County may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby competitors' qualifications are evaluated and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. The method, where price is not used as a selection factor, can only be used in procurement of A/E professional services. It cannot be used to purchase other types of services though A/E firms are a potential source to perform the proposed effort.

Board Policy 2.806 – Bids and Quotations states that contracts for legal services, educational consultants, and similar services by professional persons or groups of high ethical standards shall not be based upon competitive bids but shall be awarded on the basis of recognized competence and integrity.

Contract/Price Analysis: A cost or price analysis is performed in connection with every procurement action in excess of $150,000, including contract modifications. 2 C.F.R. § 200.323(a).

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

The method and degree of analysis is dependent on the facts surrounding the particular procurement situation; however, Counties must come to an independent estimate prior to receiving bids or proposals. 2 C.F.R. § 200.323(a).

When performing a cost analysis, the County negotiates profit as a separate element of the price. To establish a fair and reasonable profit, consideration is given to the complexity of the work to be performed, the risk borne by the contractor, the contractor's investment, the amount of subcontracting, the quality of its record of past performance, and industry profit rates in the surrounding geographical area for similar work. 2 C.F.R. § 200.323(b).

Bedford County Financial Management Policies and Procedures Manual – Chapter 5

Board Policy 2.805 - Purchasing

Noncompetitive Proposals (Sole Sourcing)

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

- The item is available only from a single source;
- The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
- The federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the County; or
- After solicitation of a number of sources, competition is determined inadequate.

Educational Consultants and Similar Services: In order to procure educational consultants in accordance with T.C.A. § 12-4-106(a)(1), the procurement must be paid with state or local funds:

> Contracts by counties, cities, metropolitan governments towns, utility districts and other municipal and public corporations of the state, for legal services, fiscal agent, financial advisor or advisory services, educational consultant services and similar services by professional persons or groups of high ethical standards, shall

not be based upon competitive bids, but shall be awarded on the basis of recognized competence and integrity. The prohibition against competitive bidding in this section shall not prohibit any entity enumerated from interviewing eligible persons or groups to determine the capabilities of such persons or groups. *Board Policy 2.806 – Bids and Quotations*

Sole sourcing can be initiated by a sole source justification letter by specifying a brand name or "equal" characteristics, by means of restrictive specifications written around a particular product, or by specifying "no substitutions" on the requisition. The fact that an item has been used satisfactorily is not justification to exclude procurement of items of similar or equal performance, quality, or design; nor will personal preference of an item justify excluding items that would serve the purpose. The determining factor in preparing specifications shall be requirements of the county, not personal preferences of county employees. Sole source justification letters shall accompany the requisition giving reasons justifying the particular source for the procurement. Reasons given must be factual – no opinions, beliefs, or personal preferences.

Section 5.6 – Bedford County Financial Management Policies and Procedures

Board Policy 2.805 – Purchasing

Cost Price Analysis and Sole Source

A cost or price analysis will be performed for noncompetitive proposals when the price exceeds $150,000.

C. Purchase Cards

Bedford County does NOT use Purchase Cards.

D. Full and Open Competition

All procurement transactions must be conducted in a manner providing full and open competition consistent with 2 C.F.R § 200.319. In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals must be excluded from competing for such procurements. Some of the situations considered to be restrictive of competition include but are not limited to:

- Placing unreasonable requirements on firms in order for them to qualify to do business;
- Requiring unnecessary experience and excessive bonding;
- Noncompetitive pricing practices between firms or between affiliated companies;
- Noncompetitive contracts to consultants that are on retainer contracts;
- Organizational conflicts of interest;
- Specifying only a "brand name" product instead of allowing "an equal" product to be offered and describing the performance or other relevant requirements of the procurement; and
- Any arbitrary action in the procurement process.

EDGAR further requires the following to ensure adequate competition.

Geographical Preferences Prohibited

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

Prequalified Lists

The County must ensure that all prequalified lists of persons, firms, or products which are used in acquiring goods and services are current and include enough qualified sources to ensure maximum open and free competition. Also, the County must not preclude potential bidders from qualifying during the solicitation period.

Solicitation Language

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

When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a "brand name or equivalent" description may be used as a means to define the

performance or other salient requirements of procurement. The specific features of the named brand which must be met by offers must be clearly stated; and identify all requirements which the offeror must fulfill and all other factors to be used in evaluating bids or proposals. 2 C.F.R § 200.319(c).

E. Federal Procurement System Standards

Avoiding Acquisition of Unnecessary or Duplicative Items

The County must avoid the acquisition of unnecessary or duplicative items. Additionally, consideration is given to consolidating or breaking out procurements to obtain a more economical purchase. And, where appropriate, an analysis must be made of leases versus purchase alternatives, and another other appropriate analysis to determine the most economical approach. These considerations are given as part of the process to determine the allowability of each purchase made with federal funds.

Bedford County Financial Management Policies and Procedures Manual – Chapter 5

Board Policy 2.805 – Purchasing

Use of Intergovernmental Agreements

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

The County, as authorized by state law, , at its option, may participate in, sponsor, conduct or administer a cooperative purchasing agreement with other school systems or local government entities within and outside the State of Tennessee for the procurement of any supplies, equipment and services, in accordance with an agreement entered into between or among the participants. Cooperative purchase agreements may be utilized whenever they provide a savings for the County.

Bedford County Financial Management Policies and Procedures Chapter 5, Section 5.4.b

Board Policy 2.805 – Purchasing

Use of Federal Excess and Surplus Property

The County shall consider the use of federal excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs.

On behalf of the school system, the Superintendent and other employees designated by the Board shall be authorized to act for the Board in acquiring federal surplus property through the Tennessee General Services Department for surplus property and in entering into agreements, certifications and covenants of compliance concerning the use of federal surplus property. Further, the Superintendent is authorized to purchase any needed items through suppliers approved on the state bid list.

Board Policy 2.805 – Purchasing

Debarment and Suspension

The County shall award 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.

Per Section 8.I. of the Bedford County Financial Management Policies and Procedures manual, if a bidder does not perform in accordance with the bid conditions or specifications or if it is found that the bidder had intentionally violated these policies and regulations, and/or if the vendor fails to submit a bid on three successive invitations, the Director of Finance may remove the vendor from the official bid list until the violations are remedied to the satisfaction of the Director. Upon removal from the list, the Financial Management Committee will be notified and give the reason for removal.

The County may not subcontract with or award subgrants to any person or company who is debarred or suspended and is required to check for excluded parties at the System for Award Management website before any procurement transaction. This list is located at: http://www.sam.gov/.

The Grant Program Administrator verifies vendors and licensing information and documentation before a contract is awarded.

Maintenance of Procurement Records

The County must maintain records sufficient to detail the history of all procurements. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, the basis for the contract price (including a cost or price analysis), and verification that the contractor is not suspended or debarred.

Bedford County Financial Management Policies and Procedures Manual

Time and Materials Contracts

The County may use a time and materials type contract only if (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 County 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 County must assert a high degree of oversight in order to obtain reasonable assurance that the contractor is using efficient methods and effective cost controls.

Board Policy 2.805 – Purchasing states that special purchases are those which are not routine and which may or may not be specifically identified by line item in the budget. Examples of special purchases are all capital expenditures such as for vehicles, buildings, major contracts, purchases of major equipment, items for long-term use and supplies of an unusual quantity or nature. All purchases in this category shall require specific prior Board approval on an item-by-item basis. In its approval, the Board may place constraints on the Superintendent requiring Board evaluation and/or approval at various steps in the procurement process. This will be determined by the Board on an individual basis depending on the nature of the procurement action. (Schools only)

Settlements of Issues Arising Out of Procurements

The County alone is responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising out of procurements. These issues include, but are not limited to, source evaluation, protests, disputes, and claims. These standards do not relieve the County of any contractual responsibilities under its contracts. Violations of law will be referred to the local, state, or federal authority having proper jurisdiction.

The purchase order is the official order acceptance of the bid offer which consummates a contract. At the time the purchase order is sent to the prospective vendor, the County enters into a contract with that vendor, therefore it is important that the bids be carefully considered and purchase orders properly prepared. (Section 5.8.B.2. – Bedford County Financial Management Policies and Procedures Manual)

Contracts shall contain such provisions or conditions which will allow for administrative, contractual, or legal remedies in instances where suppliers violate or breach contract terms, and

provide for such sanctions and penalties as may be appropriate. All contracts, including those of individual schools, will meet all requirements of state and federal laws, rules, and regulations. (Schools only)

Board Policy 2.808 – Purchase Orders and Contracts

Protest Procedures to Resolve Dispute

The County shall maintain protest procedures to handle and resolve disputes relating to procurements and, in all instances, disclose information regarding the protest to the awarding agency.

Protests of bidders and inquiries regarding the award of the bid will be referred to the Director of Finance after completion of the bid opening procedure. Any protest not resolved by the Director of Finance and Department Head will be referred to the Financial Management Committee.

(Section 8.4 - Formal Bidding Procedures – Bedford County Financial Management Policies and Procedures Manual).

F. Conflict of Interest Requirements

Standards of Conduct

In accordance with 2 C.F.R. § 200.18(c)(1), the County maintains the following standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award and administration of contracts.

No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a federal award if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract.

The officers, employees, and agents of the County may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts, unless the gift is an unsolicited item of nominal value.

School Board Policies 2.805 – Purchasing and 2.400 - Revenues state that no person officially connected with or employed by the school system 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 real or apparent conflict of interest arises when the employee, officer or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract. Upon discovery of any potential conflict, the Superintendent shall disclose the potential conflict to the federal awarding agency in writing.

Section 5.7 of the Bedford County Financial Management Policies and Procedures Manual further states that purchases of all supplies, materials, equipment, contracts for labor or services and leases are void if the Director of Finance, County Commissioners, County officials, or other County employees have an interest in said purchases, contracts, or leases. T.C.A. 5-21-121 provides that "…..The Director, Director of Finance, members of the Committee, nor members of the County Legislative Body, or other officials, employees, or members of the Board of Education shall be financially interested, or have any personal beneficial interest, either directly or indirectly, in any contract, lease, or purchase order for any supplies, materials, equipment, or contractual services used by or furnished to any department or agency of the County government. No firm, corporation, partnership, association, or individual furnishing any such supplies or equipment shall give or offer nor shall the Director or Director of Finance or any assistant or employee accept or receive, directly or indirectly, from any person, firm, or corporation to which any contract, lease, or purchase order may be awarded, by rebate, gift or otherwise, any money or anything of value whatsoever, or any promise, obligation, or contract for future reward or compensation."

A board member shall not be directly interested in any contract in which the Board may be interested. "Directly interested" means any contract with the board member or with any business in which the board member is a sole proprietor, a partner, or the person having controlling interest. "Controlling interest" shall include the individual with the ownership or control of the largest number of outstanding shares owned by any single individual or corporation.

Employees are prohibited from accepting things of material value from individuals, companies or organizations doing business with the school system. Exceptions to this policy are the acceptance of minor items which are generally distributed to all by the companies through public relations programs.

Per the county ethics policy, an official or employee, or an official's or employee's spouse or child living in the same household, may not accept, directly or indirectly, any gift, money, gratuity, or other consideration or favor of any kind from anyone other than the county:

(1) For the performance of an act, or refraining from performance of an act, that he would be expected to perform, or refrain from performing, in the regular course of his duties; or
(2) That a reasonable person would understand was intended to influence the vote, official action, or judgment of the official or employee in executing county business.

It shall not be considered a violation of this policy for an official or employee to receive entertainment, food, refreshments, meals, health screenings, amenities, foodstuffs, or beverages that are provided in connection with a conference sponsored by an established or recognized statewide association of county government officials or by an umbrella or affiliate organization of such statewide association of county government officials.

It shall not be considered a violation of this policy for an official or employee to receive a gift or gratuity of less than Fifty Dollars ($50.00). Any gift or gratuity of Fifty Dollars ($50.00) or more must be reported and disclosed to the Ethics Committee and County Mayor.

Board Policy 2.805-Purchasing

Board Policy 2.400 - Revenues

Board Policy 5.601-Conflict of Interest

Administrative Procedure – 1.106.1 Code of Ethics

Board Policy 1.107-Board Member Conflict of Interest

Board Policy 5.605 – Staff Gifts and Solicitations

Section 5.7 – Bedford County Financial Management Policies and Procedures Manual

Organizational Conflicts

Organizational conflicts of interest mean that because of relationships with a parent company, affiliate, or subsidiary organization, the non-Federal entity is unable or appears to be unable to be impartial in conducting a procurement action involving a related organization. 2 C.F.R § 200.318(c)(2).

Not Applicable to Bedford County – Disciplinary Actions apply to School System Employees

Disciplinary Actions

Disciplinary actions for conflicts of interests could include the following:

A county ethics committee may:

(1) Refer the matter to the County Attorney for a legal opinion and/or recommendations for action;
(2) In the case of an official, refer the matter to the county legislative body for possible public censure if the county legislative body finds such action warranted;
(3) In the case of an employee, refer the matter to the official responsible for supervision of the employee for possible disciplinary action if the official finds discipline warranted;
(4) In a case involving possible violations of state statutes, refer the matter to the district attorney for possible ouster or criminal prosecution.

If a school board member becomes directly or indirectly interested in any contract, he/she shall forfeit all pay and compensation and shall be dismissed from the Board and be ineligible to serve in the same or similar position for ten (10) years per TCA 12-4-101; TCA 12-4-102.

Bedford County Financial Management Policies and Procedures Manual – Section 5.7

Board Policy 1.107-Board Member Conflict of Interest

Mandatory Disclosure

Upon discovery of any potential conflict, the County shall disclose in writing the potential conflict to the federal awarding agency in accordance with applicable federal awarding agency policy per *Board Policies 2.805 Purchasing*, *2.400 – Revenues* and *5.601 – Conflict of Interest*.

G. Contract Administration

The County shall maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders 2 C.F.R. § 200.318.

Bedford County Financial Management Policies and Procedures Manual – Chapters 5 & 8

School *Board Policy 2.808 – Purchase Orders and Contracts* states:

All purchases made by the school system shall be by purchase order or formal contract, and no purchase shall be made nor payment approved unless covered by an approved purchase order.

Purchase orders will include the following essentials:

- A specification which adequately describes to the supplier the characteristics and the quality standards of the item required;
- A firm, quoted, net delivered price, whenever possible; and
- Signature of purchasing agent.

Contracts shall be made only with responsible suppliers with the following considerations:

- The supplier has the potential ability to perform successfully under the terms and conditions of a proposed procurement;
- A system for contract administration shall be maintained to assure supplier conformance with terms, conditions, and specifications of the contract or purchase order, and to assure adequate and timely follow-up of all purchases;
- Contracts shall contain such provisions or conditions which will allow for administrative, contractual, or legal remedies in instances where suppliers violate or breach contract terms, and provide for such sanctions and penalties as may be appropriate.
- All contracts, including those of individual schools, will meet all requirements of state and federal laws, rules and regulations.]

IV. Property Management Systems

A. Property Classifications

Equipment means tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the County/School System for financial statement purposes, or $5,000. 2 C.F.R. § 200.33.

Supplies means all tangible personal property other than those described in § 200.33 Equipment. A computing device is a supply if the acquisition cost is less than the lesser of the capitalization level established by the County/School System for financial statement purposes or $5,000, regardless of the length of its useful life. 2 C.F.R. § 200.94.

Computing devices means machines used to acquire, store, analyze, process, and publish data and other information electronically, including accessories (or "peripherals") for printing, transmitting and receiving, or storing electronic information. 2 C.F.R. § 200.20.

Capital assets means tangible or intangible assets used in operations having a useful life of more than one year which are capitalized in accordance with GAAP. Capital assets include:

- Land, buildings (facilities), equipment, and intellectual property (including software) whether acquired by purchase, construction, manufacture, lease-purchase, exchange, or through capital leases; and
- Additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations or alterations to capital assets that materially increase their value or useful life (not ordinary repairs and maintenance). 2 C.F.R. § 200.12.

Bedford County Financial Management Policies and Procedures Manual – Chapter 10

Board Policy 2.704 – Fixed Assets

B. Inventory Procedure

Each year during March, the Finance Department will request an inventory list of all portable, reportable, and controllable items from Department Heads. After checking all items and manufacturer's identification numbers and asset numbers, the Department Head will return the inventory annotated with any corrections, deletions, and additions. The Finance Department will reconcile inventories and report missing items to the Department Head. Items still missing as of June 1st each year will be removed from the fixed asset inventory and reported to the

County Legislative Body and Board of Education. Assets that are listed as bulk will not be inventoried unless specifically required by the County Legislative Body or Board of Education.

Bedford County Financial Management Policies and Procedures Manual – Chapter 10

Board Policy 2.702-Inventories

Administrative Procedure 2.702.1-Inventories

Board Policy 2.704 – Fixed Assets

C. Inventory Records

For each equipment and computing device purchased with federal funds, the following information is maintained:

- Serial number or other identification number;
- Source of funding for the property;
- Who holds title;
- Acquisition date and cost of the property;
- Percentage of federal participation in the project costs for the federal award under which the property was acquired;
- Location, use and condition of the property; and
- Any ultimate disposition data including the date of disposal and sale price of the property.

The School System uses a program called Destiny, to manage all technology inventories (SPED, Title, GP, etc.). When equipment is ordered, the technology clerk enters the ordered item into Destiny. When the item arrives it is barcoded and "accepted" in Destiny. This entails putting in the serial number, cost of the product, place in the school it is going, custodian of the equipment, etc.

For all other equipment, such as desks and filing cabinets, the Student Services office purchases bar codes from parCode and that office maintains inventory records for the system on these non-technology items.

The Federal Programs office issues a separate tag for any materials purchased with federal funds. The tag contains the school name, title funds used for the purchase, and date of purchase. Title I teachers keep an inventory notebook listing every item in that school that was purchased with federal funds. The inventory is listed on forms provided by the state for Title programs. At the end of each school year, Title teachers email an electronic copy of their inventory to Federal Programs and mail a signed hard copy which Federal Programs keeps on file.

D. Physical Inventory

A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years. Bedford County Schools, in conjunction with Bedford County Finance, conducts annual physical inventories of equipment items, both controllable and capitalizable.

Federal Programs personnel from the central office visit each Title school, at least once a year and usually twice, to check inventory. They confirm that inventory is in the school and located where it is supposed to be.

Board Policy 2.704-Fixed Assets

Board Policy 2.702 - Inventories

E.Property/Equipment Maintenance

In accordance with 2 C.F.R.313(d)(4), the County maintains adequate maintenance procedures to ensure that property is kept in good condition.

Bedford County Financial Management Policies and Procedures Manual – Chapter 10

For the school system, each employee of the system shall be responsible for the materials, equipment and supplies assigned to him. In addition, he/she is responsible for the preservation and protection of materials, equipment and supplies not under his/her direct control when such are endangered and when the system employee having direct control is not present or is otherwise unable to act.

Employees and students must sign Acceptable Use agreements which include acknowledgement that inappropriate and illegal activities include damaging computers, computer systems or computer networks.

Students shall help maintain the school environment, preserve school property and exercise care while using school facilities.

Board Policy 3.300-Equipment and Supplies Management

Board Policy 4.406-Acceptable Use

Board Policy 6.311-Care of School Property

E. Lost or Stolen Items

The County maintains a control system that ensures adequate safeguards are in place to prevent loss, damage, or theft of the property. Equipment that is stolen is reported to local jurisdiction of law enforcement.

For the school system, all employees shall report all damage or loss of school property to the principal or designee immediately after such damage or loss is discovered. The principal shall call law enforcement officials in cases involving illegal entry, theft or vandalism. The principal shall notify the superintendent within 48 hours after each case of vandalism, theft, building damage or illegal entry. The principal or designee shall make a full and complete investigation of any instance of damage or loss of school property. The investigation shall be carried out in cooperation with law enforcement officials when appropriate. They should report the theft or loss of property, immediately, to the County Department of Finance by telephone, to be followed in writing. A police report should be obtained on all losses suspected of being stolen. School property is defined as buildings, buses, books, equipment, records, instructional materials or any other item under the jurisdiction of the Board.

When the person causing damage or loss has been identified and the costs of repair or replacement have been determined, the superintendent shall take steps to recover these costs. This may include recommending the filing of a complaint in court to recover damages. The Superintendent, or his/her representative, is authorized to sign a criminal complaint and to press charges against perpetrators of vandalism against school property. If the responsible person is a minor, recovery will be sought from the minor's parent or guardian.

Bedford County Financial Management Policies and Procedures Manual – Chapter 9

Board Policy 3.205 - Security

Board Policy 6.311-Care of School Property

Board Policy 6.709 – Student Fees, Fines and Purchases

Board Policy 2.704-Fixed Assets

Administrative Procedure 2.704.1-Equipment Inventory Action Request

F. Use of Equipment

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

and the pass-through entity. When no longer needed for the original program or project, the equipment may be used in other activities supported by the federal awarding agency, in the following order of priority: (1) activities under a federal award from the federal awarding agency which funded the original program or project; then (2) activities under federal awards from other federal awarding agencies.

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

Administrative Procedure 2.704.1-Equipment Inventory Action Request

G. Disposal of Equipment

When it is determined that original or replacement equipment acquired under a federal award is no longer needed for the original project or program or for other activities currently or previously supported by a federal awarding agency, the Program Manager shall contact the awarding agency (or pass-through for a state-administered grant) for disposition instructions.

Generally, disposition of equipment is dependent on its fair market value (FMV) at the time of disposition. If the item has a current FMV of $5,000 or less, it may be retained, sold, or otherwise disposed of with no further obligation to the federal awarding agency. If the item has a current FMV of more than $5,000, the federal awarding agency is entitled to the federal share of the current market value or sales proceeds.

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

If authorized to sell federally purchased equipment with a fair market value of greater than $5,000, such equipment will be sold at bid or auction to the highest bidder. For equipment purchased with federal funds with a remaining fair market value exceeding $5,000, the County will refund the government its fair share of the proceeds from the disposition of the equipment.

Bedford County Financial Management Policies and Procedures Manual – Chapter 10

Board Policy 2.403 – Personal School Property Disposal

V. Written Compensation Policies

A. Time and Effort

Time and Effort Standards

All employees who are paid in full or in part with federal funds must keep specific documents to demonstrate the amount of time they spent on grant activities. C.F.R. § 200.430(i)(1). In addition, employees who are paid from state and local funds, but whose salaries are used for cost sharing or matching must also keep time and effort documentation. 2 C.F.R. § 200.430(i)(4).

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

- Be supported by a system of internal controls which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- Be incorporated into official records;
- Reasonably reflect total activity for which the employee is compensated, not exceeding 100% of compensated activities;
- Encompass both federally assisted and all other activities compensated by the District on an integrated basis;
- Comply with the established accounting policies and practices of the District and
- Support the distribution of the employee's salary or wages among specific activities or costs objectives.

Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to federal awards, but may be used for interim accounting purposes provided that the system for establishing the estimates produces reasonable approximations of the activity actually performed. 200.430(i)(1)(viii).

Time and Effort Procedures

In order to meet the above requirements, all employees who must complete time and effort forms must submit either a semi-annual certification or a personnel activity report (PAR) as required below. The type of form depends on the number of cost objectives that an employee works on.

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

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

1. Completed at least every six (6) months;
2. Be signed by the employee or the supervisor with direct knowledge of the work being performed;
3. Reflect an after-the-fact distribution of the actual activity; and
4. Account for the total activity for which each employee is compensated.

All employees who work on multiple cost objectives must complete PARs that support the distribution of their salaries /wages that meet the following standards:

1. Reflect an after-the-fact distribution of the actual activity;
2. Account for the total activity for which each employee is compensated;
3. Are prepared at least monthly & coincide with one or more pay periods; and
4. Are signed by the employee.

County employees track their time and effort individually by timesheets or other suitably determined document. The Department Head/Grant Program Manager submits this information yearly to be checked for proper budget proration and expenses. Time and effort documents are reviewed annually by the Department Heads/Grant Program Managers. If funds are received through another county as pass through funds, executed time and effort documents are required to be kept on file with that county. The Department Head/Grant Program Manager is responsible for this submittal.

The School System's Federal Program offices send a Certificate of Employment semi-annually to Title personnel for their signature. This certificate is also signed by the building principal, the federal program manager and the Superintendent.

Reconciliation and Closeout Procedures

It is critical for payroll charges to match the actual distribution of time recorded on the monthly certification documents. Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to federal awards, but may be used for interim accounting purposes provided that the system for establishing the estimates produces reasonable approximations of the activity actually performed.

If using budget estimates for interim accounting purposes, EDGAR requires recipients to identify and enter into the records in a timely manner any significant changes in the corresponding work

activity. Additionally, the recipient must have a system of internal controls to review after-the-fact interim charges made to a federal award based on budget estimates. All necessary adjustments must be made such that the final amount charged to the federal award is accurate, allowable, and properly allocated.

Federal budgets are reconciled monthly in ePlan. The Bedford County Finance Department reconciles expenditures and encumbrances monthly. The Board of Education receives monthly financial reports and updates on departmental expenditures.

Employee Exits

For the school system:

Board Policy 5.200 – Separation Practices for Tenured Teachers

Board Policy 5.201 – Separation Practices for Non-Tenured Teachers

Board Policy 5.202 – Suspension/Dismissal of Classified Employees

Board Policy 5.203 – Nonrenewal

Board Policy 5.204 – Resignation

Board Policy 5.205 – Retirement

B. Human Resources Policies

County Departments shall have human resource policies which at least cover

(1) how employees are hired (2 C.F.R. § 200.430(a)(2));

For the School System:

Board Policy 5.100-Personnel Goals

Board Policy 5.102 – Personnel Classifications & Qualifications

Board Policy 5.104 – Equal Opportunity Employment

Board Policy 5.106 – Application & Employment

Board Policy 5.107 – Orientation and Probation

Board Policy 5.110 – Compensation Guides & Contracts

Board Policy 5.112 – Extended Contracts

(2)the extent to which employees may provide professional services outside the District (2 C.F.R. § 200.430(c));

Board Policy 5.607 – Non-School Employment

(3) the provision of fringe benefits, including leave and insurance, (2 C.F.R. § 200.431

Board Policy 3.600 – Insurance Management

Board Policy 5.300 – Short Term Leaves of Absence

Board Policy 5.301 – Emergency and Legal Leave

Board Policy 5.302 – Sick Leave

Board Policy 5.303 – Personal and Professional Leave

Board Policy 5.304 – Long Term Leaves for Professional Personnel

Board Policy 5.3041-Leaves and Absences of Classified Personnel

Board Policy 5.305 – Family and Medical Leave

Board Policy 5.306 – Military Leave

Board Policy 5.307 – Physical Assault Leave

Board Policy 5.309 – Legislative Leave

Board Policy 5.310 – Vacations & Holidays

(4) the use of recruiting expenses to attract personnel (2 C.F.R. § 200.463(b));

Board Policy 5.105 – Recruitment of Employees

and (5) reimbursement for relocations costs. 2 C.F.R. § 200.464.

Bedford County School District does not reimburse for relocation costs.

VI. Record Keeping

A. Record Retention

The County maintains all records that fully show (1) the amount of funds under the grant or subgrant; (2) how the subgrantee uses those funds; (3) the total cost of each project; (4) the share of the total cost of each project provided from other sources; (5) other records to facilitate an effective audit; and (6) other records to show compliance with federal program requirements. 34 C.F.R. §§ 76.730-.731 and §§ 75.730-.731. The County also maintains records of significant project experiences and results. 34 C.F.R. § 75.732. These records and accounts must be retained and made available for programmatic or financial audit.

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

Bedford County Schools keeps federal records for five (5) years after which time they are shredded for disposal.

Administrative Procedure 2.701.1 – Financial Reports and Records

B. Collection and Transmission of Records

Records are kept both electronically and as paper copies within each department in Bedford County. Records are transmitted electronically via ePlan to the state for monitoring, as well as provided physically when requested.

Board Policy 1.407 – School Board Records

C. Access to Records

The County provides the awarding agency, Inspectors General, the Comptroller General of the United States, and the pass-through entity, or any of their authorized representatives the right of access to any documents, papers, or other records of the County which are pertinent to the

Federal award, in order to make audits, examinations, excerpts, and transcripts. The right also includes timely and reasonable access to the County's personnel for the purpose of interview and discussion related to such documents.

Board Policy 1.407 – School Board Records

D. Privacy

All County personnel are responsible for the oversight of the records in their care. Personal information for students, employees or other parties is protected according to statute.

For the School System, employee records are public records, except for matters deemed confidential by law, and shall be open for inspection during regular business hours. In accordance with federal law, the district will release information regarding the professional qualifications and degrees of teachers and the qualifications of paraprofessionals to parents upon request for any teacher or paraprofessional who is employed by a school receiving Title I funds and who provides instruction to their child at that school.

If a request is made to the School System in regard to personnel or students and would be applicable to the Family Educational Rights and Privacy Act (FERPA), the Superintendent of Schools or his/her Designee is responsible to administer that the request is addressed in a matter that stays within the guidelines of FERPA.

Board Policy 5.114-Personnel Records

Board Policy 5.118-Background Investigations

Board Policy 6.4001-Student Surveys, Analyses & Evaluations

Board Policy 6.600-Student Records

Board Policy 6.601-Annual Notification of Rights

Board Policy 6.602-Inspection & Correction Procedures

VII. Sub-recipient Monitoring

In the event that the County awards subgrants to other entities, it is responsible for monitoring those grant subrecipients to ensure compliance with federal, state, and local laws. Monitoring is the regular and systematic examination of all aspects associated with the administration and implementation of a program. Each program office that awards a subgrant must have its own monitoring policy. This policy must ensure that any monitoring findings are corrected.

The County's Department Heads/Grant Program Managers may work in the administration of subrecipient monitoring, if applicable. The Department Head/Program Manager works with the Sub-recipient personnel to make sure all Grantee guidelines are met. If the Department Head/Program Manager finds they have not been met, a plan of action is devised to Bedford County and the Sub-recipient into compliance. The Deputy Director of Finance prepares and reviews financial reports for the fiscal aspect of Grant guidelines. If an issue is found by the Deputy Director of Finance, a plan of action is devised to bring the County and the Sub-recipient into compliance. If the Grant period has ended and the non-compliance issue is raised through the Grantor or an Auditor, the Department Head/Grant Program Manager and Deputy Director of Finance will work together to develop a plan of action devised to bring Bedford County and the Sub-recipient into compliance. This may result in a refund. If that is the case, the Deputy Director of Finance prepares a budget amendment to present to the Department involved to resolve the issue. Once budgeted the refund can be processed and sent to the Grantor for resolution of the non-compliance issue.

VIII. Legal Authorities and Helpful Resources

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

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

- Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (2 C.F.R. Part 200)
  - http://www.eC.F.R..gov/cgi-bin/text-idx?SID=ccccf77e01c9e6d4b3a377815f411704&node=pt2.1.200&rgn=div5
  -
- USDE's Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (2 C.F.R. Part 3474)
  - http://www.eC.F.R..gov/cgi-bin/text-idx?SID=ccccf77e01c9e6d4b3a377815f411704&tpl=/eC.F.R.browse/Title02/2C.F.R.3474_main_02.tpl

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

- State regulations, rules, and policies
  - TN State Board of Education Rules and Regulations
    - http://www.tn.gov/sbe/rul_reg.shtml
  - TN State Board of Education Policies, Standards, and Guidelines
    - http://www.tn.gov/sbe/policies.shtml

- District regulations, rules, and policies
  - www.bedfordk12tn.com, School Board Policy Manual
  - Bedford County Financial Management Policies and Procedures Manual

- Organizational Charts
  - www.bedfordk12tn.com, Administrative Departments