White Cloud Schools
Categorical Grant Procedures and Processes
State and Federal Grants (At Risk, Title 1, etc.)
Updated 3-5-12

The following processes are for Categorical State and Federal Grants

A. Financial Management Systems

The District uses the AS400 system to account for all grant revenues and expenditures. Extensive procedures are documented in AS400 usage as well as District monthly close procedures and business office reference manual documenting appropriate accounting procedures.

B. Payments

Payments are made after service is received. Payments are made from purchase order packing slips, credit cards, and salary payments. See the relevant section for purchases or payroll for procedures relative to order items or obtaining payroll payments.

C. Allowable Costs and Cost Principles:

Budget:

During the budget process, allowable costs for State and Federal grants are reviewed and confirmed by the Assistant Superintendent or Superintendent, Curriculum Secretary and Business Manager. After the start of our fiscal year, the payroll system is set to record relevant personnel salaries.

Allowable costs are identified and costs are then generally identified up to the amount of the year's allocation.

In general, we develop our plan for grants to most of all funding for staff and the remainder for materials/supplies. We chose to use the funds for reading, math and language art teachers and related teacher assistants, tutoring, and support for food service (At Risk) and other grant materials/supplies. The subsequent budget review mid year confirms costs are within the estimated allocation.

The Superintendent, Assistant Superintendent, Curricum Sectrary, and Business Manager have read numerous communications from MDE, attended updates and workshops regarding allowable costs and review materials posted on the MDE website to be able to identify allowable costs that could be charged to the program. We also review proposed items with MDE prior to implementation.

The accounting system accounts for expenditures for personnel as direct charges to the grant with associated payroll fringe benefits.

D. Period of Availability:

At Risk program is does not require an annual application. The district submitted a 1994-95 application for Section 31a Funds. The Title programs require and annual application that is submitted annually.

A final cost report is submitted per State guidelines at the end of each fiscal year.

E. Procurement

E1. Supplies/Materials:
1. Describe your process for purchasing and receiving items:
   In general, we develop our plan for the State and Federal grant to use most funding for staff. .

   As with any other District purchases of supplies and materials:
   a) A system of purchase orders and purchasing cards is used to ensure purchasing accountability within the school district that is consistent with the auditor's most recent written advice. All purchase of supplies, equipment, and services for grants are purchased only on the basis of a purchase order approved by the program/building administrator or purchasing cards in compliance with Board Policy.

   b) Purchases by purchase order
   - *Purchases are requested by the program administrator (i.e.Assistant Superintendent) or professional staff in consultation with the program administrator and approved by the building principal before orders are processed.*
   - *Purchase orders are initiated by the Curriculum Secretary in the AS400 accounting software*
   - *Purchase orders are approved by the program administrator and building principal.*
   - *Accounting system approval is generated by the Business Office after receipt of purchasing documentation, approval of program director, and review for compliance with Board Policy and Grant requirements*
   - *Purchases are then initiated by the head bookkeeper with the vendor*
   - *After items are received, the program administrator or building principal signs an approval to pay by the packing list or signature on the invoice*

   c) Purchases by purchasing card

- *Purchases by purchasing card offer an alternative to existing procurement processes and provide a convenient, efficient method of purchasing goods and services.*
- *Most Administrators and many additional staff are issued a purchasing card and are authorized to use purchasing cards for school-related purposes only in accordance with Board policy, the approved budget, and District administrative guidelines. Purchasing cards are not be used to circumvent the general purchasing procedures required by Michigan law and Board policy.*
- *Purchases by purchasing card are reconciled monthly, with copies of all receipts and administrator approval are submitted to the Business Office.*
- *Backup is reviewed for compliance with Board Policy and Grant requirements and approval is issued by the Accounting Manager.*
- *Purchases for grant-related items are reviewed with the Superintendent or Assistant Superintendent or Business Manager prior to acquisition by a building principal or program administrator.*

2. What documentation do you keep on file for supplies and materials ordered and received?
   a) *Purchases by purchase order*
      - *Administrator approval of purchase order issued.*
      - *Copy of purchase order, packing list (if received), invoice, administrator approval of invoice are to be retained by the department/building placing order*
      - *Copy of check is kept in the business office along with supporting invoice*
   b) *Purchases by purchasing card*
      - *Purchasing card statement, receipts, administrator approval, and Business Manager approval*
      - *Copy of purchasing card disbursement journal entry*

3. Are supplies/materials purchased specifically for grants, charged directly to the grant accounts in the general ledger?
   Yes. Administrative errors may result in correcting journal entries. Typically purchase orders are required for all grant-related items to confirm allowability prior to purchase.

4. How do you ensure that supplies/materials purchased are used for grant-eligible costs?
   The Superintendent or Assistant Superintendent in cooperation with the buildings and Curriculum Secretary and Business Manage identifies specific items to be purchased to be used by students who are identified as being grant eligible.

E2. Contracted Services:
1. Describe your process for procuring contracted services.

Need would be identified by the Superintendent or Assistant Superintendent and cost allowability and budget availability would be reviewed if a new cost was proposed. Appropriate vendors would be contacted and quotes or bids would be procured as needed.

2. Describe your bidding process, if applicable.
   The district follows all legally-required State and Federal bidding requirements as needed. The following are the steps:

   a) *Items to be purchased are identified by program administrator, building principal, district coordinator or Superintendent. Instructional staff that will be using items are consulted to preference and specific equipment criteria desired (not necessarily used in the actual RFP but if possible incorporated into the bid process).*
   b) *Items are advertised, bids accepted and opened per required guidelines. Bids are evaluated and awarded at (typically) the next Board meeting.*
   c) *Purchase order is created. Letters are sent to each bidder to confirm the vendor's award, describe the selection process and their status.*

3. **How do you ensure that the vendors are not suspended or debarment from federal grants**?
   We search the Federal Excluded Parties List System (www.EPLS.gov) for all purchases by federal grants and all purchases exceeding $20,000

4. What documentation do you keep on file for contracted services when services are rendered and paid?
   - *Copy of Purchase Order if issued*
   - *Vendor invoice*
   - *Administrator approval of payment*
   - *Copy of check*
5. How do you ensure that you are in compliance with the Davis-Bacon Act?
   Not Applicable

Other transactions (conferences, travel, etc.):
1. Describe your process for procuring travel, conferences.
   The District uses a conference request approval form to procure travel and conferernces.

2. How do you ensure that these activities are related to the grant?
   The Assistant Superintendent in coordination with the curriculum secretary would review and approve to ensure compliance with grant requirements.

Capital Outlay:
1. Describe your process for purchasing capital outlay items.

In general, we develop our plan for grants to use most funding for staff and staff. If capital outlay is purchased, the District reviews the strict guidelines and procedures of each grant.

2. Describe your process for maintaining inventory for capital outlay purchases.
The buildings track all items purchased with grant funds to ensure the items are used appropriately for applicable students.

E3. Procurement and Suspension and Debarment:

We search the Federal Excluded Parties List System (www.EPLS.gov) for all purchases by federal grants and all purchases exceeding $20,000.

F. Financial Reporting:

The Assistant Superintendent and Curriculum Secretary gather information for the final report from the General Ledger. All expenditures reported are compared to the approved budget for allowability with the Business Manager.

The final allocation from grant are confirmed and then costs are identified to support the revenue received and expected to be received.

A final expenditure report is prepared using general ledger costs identified by state code "3060" for tutoring and alternative education programs.

All grants are reported in a separate fund and separate grant accounts to ensure that all costs and revenues are segregated.

G. Record Retention

Payroll records are maintained for seven years as well as electronic versions are kept on the AS400 for many years. Other payments/PO's are kept in the CEO imaging file and maintained for many years.

H. Matching Level of Effort, Earmarking:

Most grants have no requirements for matching level of effort. The IDEA grant has matching levels of effort which are reviewed annually with the District audit procedures.

I. Program Income:

In the At Risk grant a credit recovery program, if used at times, is sponsored by the district charges a small fee per class to ensure students (and parents) are serious about making up deficient credits. The final cost report reduces the amount of costs for the program by the tuition received. Only the balance (if applicable) is recorded as At Risk expenditures. Any similar program, if used in another grant, would be handled in a similar fashion.

J. Equipment and Real Property Management:

In general, we develop our grants to use most funding for staff. The following outlines the procedures the district uses to record the transactions: Large items purchased by the district are required to have a fixed asset inventory tag and are recorded as purchased with federal funds in the asset inventory tracking software. In addition, a special sticker has been added to each item (playground equipment will have a metal tag) indicating the source of funds used to purchase the item.

K. *Copyrights*

Not applicable

L. *Monitoring/Reporting Program Performance*

The Assistant Superintendent and Superintendent monitor the performance of staff and programs offered on a continual basis. Each program is further reviewed annually to determine the relevance of each program and determination of its continuance for budget funding during the annual budget process. Each program is reviewed at least annually to determine if it is working in a satisfactory manner and it is the best proposed use of funds based upon the grant and alternative potential uses.

M. Cash Management:

1) Describe your process for drawing funds.

> *a) One eleventh of the State's estimated At Risk grant is received through the State Aid payment monthly. Expenditures are monitored and finalized each year to ensure sufficient funds are expended to support the revenue received. If revenue ever exceeds costs it is shown as deferred revenue and reported accurately on the At Risk year-end report.*

      b) *For federal grants, the dollars are expended and periodically input to the cash management system for reimbursement of actual expenditures to date. An estimate is made at year end in some grants.*

2) Describe your process for receipt of funds.
a) ACH received into district's general fund checking account from the State on a monthly basis for state grants and a similar ACH for federal funds when reimbursement is sought through the Cash Management process of the state.

3) How do you ensure that you are spending the funds timely? (within 3 days of receipt?)
Not applicable

4) Is this process the same for all grants?
No. State grants are received monthly. Federal grants are requested only after district expends funds.

5. Describe your process to prepare the Financial Expense Report.
    a) *After the close of the fiscal year, print a summary and detailed General Ledger for grants in each appropropriate state code (i.e. 306 At Risk, 601 Title 1)*
    b) *Compare final General Ledger to the grant allocation and reimbursements received.*
    c) *Enter data from final General Ledger into MEGS FER report*

5) Are these reports based on actual expenditures in the GL Summary?
Yes

6) Does the final GL Summary include funding sources other than the grant?
If expenditures exceed the final allocation then the District's general fund covers the balance of the expenditures, which is generally not the case. Otherwise, the GL Summary will not include other income sources.

N. *Conflict of Interest*

The District has conflict of interest policies that allow no employee to benefit from District expenditures. Exceptions could only be made with extensive procedures and approvals if ever.

O. Payroll:

1. Describe your process for ensuring that staff charged to the grants are qualified for the positions (categories) that they are charged to.

The Assisant Superintendent/Curriculum Secretary works with the business office to create a realistic budget.

Specific positions are identified as grant positions and are awarded based on this budget. The district assumes the risk of over-spending the grant and the possibility staffing changes may need to occur at the beginning of the school year if the entire expected grant award does not come to fruition.

Payroll is notified through memo from the Business Manager or Curriculum Secretary, assignments are confirmed by the Assistant Superintendent or Superintendent identifying specific staffing and assignments for the program. The Superintendent and Assistant Superintendent along with the specific building principal interview and hire all new grant staff. They assess the credentials of all employees in the grants.

2. Describe your process for ensuring that professionals (paraprofessionals/teachers, etc.) charged to the grants are qualified for the positions they are charged to.
The Superintendent, Assistant Superintendent and building principal interview and hire all grant staff. They assess the credentials of all employees in the grants.

3. Describe your process for ensuring that administrators charged to the grant are qualified for the grant?
No administrator costs are charged to At Risk. Any administrators charged to other grants would need review of several staff (Superintendent, Assistant Superintendent, and Business Manager) prior to being charged to the grant. Also, review with MDE is performed.

4. Describe your process for ensuring that semi-annual certifications or personal activity reports are on file for employees charged to the grant.

The District has developed a detailed procedure to ensure that all applicable staff are on semi-annual certification or PARS. All 100% staff are given semi-annual certification and all multi-charged staff have PARS. The Assistant Superintendent and Curriculum Secretary have worked with Plante Moran to developed a detailed process, which is available in the curriculum office.

5. Describe your process for ensuring that all teachers and professionals charged to the grant have background checks.
All newly hired employees are required to submit fingerprints prior to working. In addition, all newly hired employees complete an authorization and release to disclose unprofessional conduct under Public Act 189 and 397. Former employers are contacted.

P. *Timekeeping Requirements*

Extensive detailed procedures for payroll have been developed to document the timekeeping requirements for payroll purposes. Timekeeping regarding PARS and certification is kept in the curriculum office as explained above.

Q. **Ancillary Services**:

Not Applicable.

R. **Proportionate Share**:

Not applicable.

S. **Eligibility:**

Secretaries in each educational entity are given a list of students who have been identified by counselors as being eligible under Section 31a using the matrix provided by the State. In the pupil accounting software, there is a field that captures this data and lists are produced to record eligibility.

T. **Real Property Acquisitions Relocation Assistance:**

NOT APPLICABLE

U. **Subrecipient Monitoring:**

NOT APPLICABLE

V. **Special Tests and Provisions:**

None