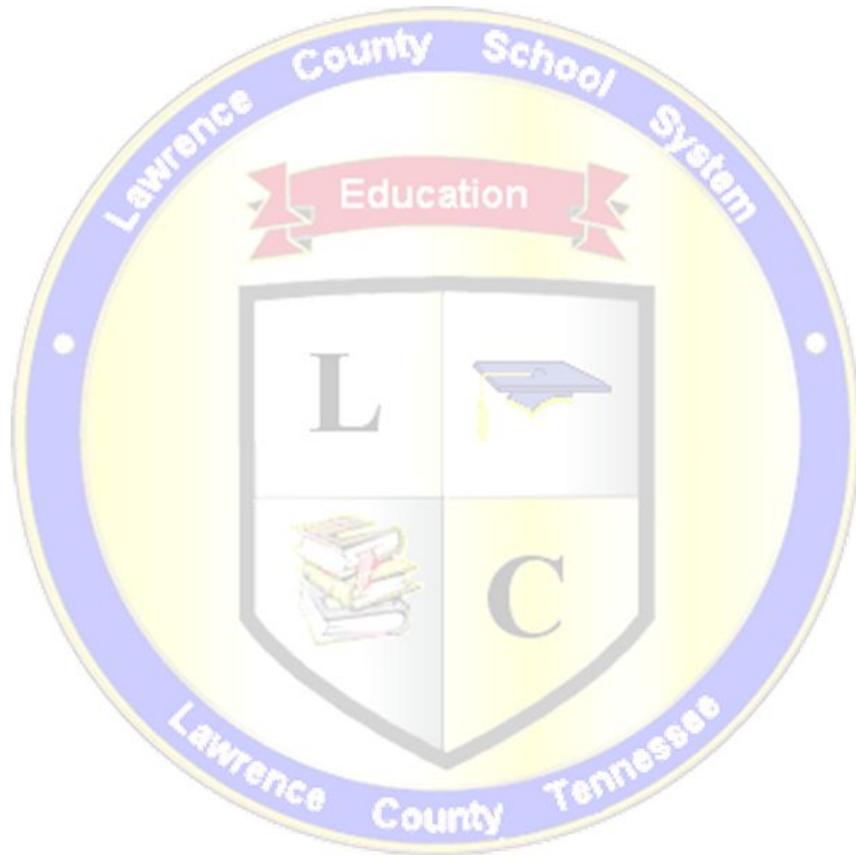


Lawrence County School System

Policies and Procedures



Administration of Federal Education Programs

Aligned with the Requirements of the

New Uniform Grants Guidance

Revised 02/23/2016

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I. Introduction

This manual sets forth the policies and procedures used by **Lawrence County School System** (LCSS) to administer federal funds. The manual contains the internal controls and grant management standards used by LCSS to ensure that all federal funds are lawfully expended. It describes in detail LCSS'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 subrecipient monitoring responsibilities.

New employees of LCSS, as well as incumbent employees, are expected to review this manual to gain familiarity and understanding of LCSS's rules and practices. If you have any questions regarding the administration of federal education 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).

II. Financial Management System

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

A. Financial Management Standards

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

Identification

LCSS 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.

LCSS Policy 2.100 - Fiscal Management Goals:

http://images.pcmac.org/Uploads/TennesseeSBA/TennesseeSBA/Departments/DocumentsCategories/Documents/2100_51.pdf

Grant funding sources will be identified by department staff through the state administered program, ePlan. Award letters can be located under the LEA Document Library entitled Grant Award Letters. Award letters include the following documentation:

- 1. Name of School System**
- 2. System DUNS number**
- 3. Indirect Cost Rate**
- 4. Period of Grants**
- 5. Federal Granting Agency**
- 6. CFDA Title and Number**
- 7. Federal Award ID Number**
- 8. Total Allocation**
- 9. Pass Through (If applicable)**

If any grants do not have this information assigned through the state administered program ePlan, then the Office of the Chief Financial Officer will assign the information with input from the state department of education fiscal consultant.

LCSS follows the State of Tennessee County Uniform Chart of Accounts to identify all awards received and expended. www.comptroller.tn.gov/la/LGSlocalGovernment.asp

Financial Reporting

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

LCSS Policy 2.701 – Financial Reports and Records

http://images.pcmac.org/Uploads/TennesseeSBA/TennesseeSBA/Departments/DocumentsCategories/Documents/2701_48.pdf

LCSS follows the Education Department General Administrative Regulations (EDGAR) and the State of Tennessee reporting requirements for federal grants as well as all reports required by the State of Tennessee.

Accounting Records

LCSS 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.

LCSS Policy 2.701 – Financial Reports and Records

http://images.pcmac.org/Uploads/TennesseeSBA/TennesseeSBA/Departments/DocumentsCategories/Documents/2701_48.pdf

LCSS follows the Rules of the State of Tennessee, Rules of the Department of Financial Institutions, Chapter 0180-2 Retention of Records for retention all records pertinent to LCSS federal grants.

Internal Controls

Effective control and accountability must be maintained for all funds, real and personal property, and other assets. LCSS 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.

LCSS Policy 2.100 – Fiscal Management Goals

http://images.pcmac.org/Uploads/TennesseeSBA/TennesseeSBA/Departments/DocumentsCategories/Documents/2100_51.pdf

LCSS Policy 2.702 - Inventory

http://images.pcmac.org/Uploads/TennesseeSBA/TennesseeSBA/Departments/DocumentsCategories/Documents/2702_52.pdf

LCSS Policy 2.703 - Audits

http://images.pcmac.org/Uploads/TennesseeSBA/TennesseeSBA/Departments/DocumentsCategories/Documents/2703_52.pdf

LCSS adheres to the internal controls inherent within the accounting procedures as established by the State of Tennessee for all school districts. LCSS follows GASB and FASB regulations relative to accounting process and reporting. The Board supports the establishment and effectiveness of district internal controls as indicated in board policy 2.100 - through established efficient procedures for accounting, reporting, purchasing and delivery, payroll, payment of vendors and contractors, and all other areas of fiscal management.

(see Appendix A - **LCSS Internal Control Procedures**)

Budget Control

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

LCSS Policy 2.200 – Annual Operating Budget

http://images.pcmac.org/Uploads/TennesseeSBA/TennesseeSBA/Departments/DocumentsCategories/Documents/2200_52.pdf

LCSS continually monitors departmental and building expenditures relative to federal allocation. The accounting system and procedures in place do not allow for overspending of budget allocation within the system.

Cash Management

The District must maintain written procedures to implement the cash management requirements found in EDGAR.

LCSS Policy 2.500 - Deposit of Funds

http://images.pcmac.org/Uploads/TennesseeSBA/TennesseeSBA/Departments/DocumentsCategories/Documents/2500_51.pdf

LCSS's federal grants are reimbursable grants. Requisitions, followed by encumbering of dollars, followed by payment of the invoice must be done prior to requesting reimbursement for grant expenditures. No district fund may be in the negative. The District continually monitors the activity within the Federal Projects fund to assure positive cash flow.

Allowable Costs

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

LCSS Policy 2.800 - Expenditure of Funds

http://images.pcmac.org/Uploads/TennesseeSBA/TennesseeSBA/Departments/DocumentsCategories/Documents/2800_51.pdf

All requisitions must be approved by the Supervisor of each department responsible for funding. Unallowable requests for purchases are not approved.

B. Overview of the Financial Management/Accounting System

The District is currently structured under the Fiscal Control Act of 1957. All accounting services and functions are done by the Lawrence County School System. LCSS has one payroll, accounts payable and general ledger accounting system called Local Government. The system does not interface with procurement or inventory. Upon approval of each budget by the Lawrence County Board of Education and Lawrence County Commission, the budgets are manually entered into the Local Government Software System. The Office of Chief Financial Officer manages all budgets and accounts payable. Federal funds are processed through the Office of the Chief Financial Officer's Federal Projects fund and identified specifically using the State of Tennessee Standardized System of Accounting and Reporting– Uniform Chart of Accounts at: http://www.tn.gov/education/districts/finance/loc_fin_system_manual.pdf or the County Uniform Chart of Accounts at: <http://www.comptroller.tn.gov/la/pdf/20140508CHRTRev.pdf>.

It is the responsibility of the office of the Chief Financial Officer to compile timely and accurate financial reports. Reports, if requested, are reviewed by the Federal Projects Supervisor and/or the Director of Schools. The reports do include monthly and cumulative expenditures, project budgets, and a balance remaining column. All information is submitted in the State of Tennessee federal grants reporting system.

In accordance with 2 C.F.R § 200.302, the Office of the Chief Financial Officer will track 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.

C. Budgeting

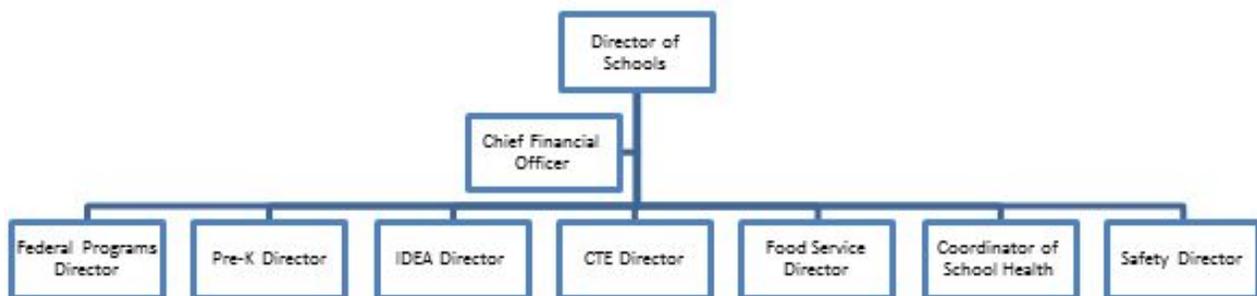
The Planning Phase: Meetings and Discussions

Before Receiving the Grant Award Letter: Before grant award letters are received, budget meetings are held with the CFO, the Director of Schools, Federal Programs Director, CTE Director, Pre-K Director, Food Service Director, Coordinator of School Health, Safety Director, IDEA Director and/or the supervisor of each federal projects fund, as well as staff (bookkeepers, consultants), and other departments affected by the grant. Planning meetings

occur in the same way. The budget for the grant is determined by specific district needs and review of grant objectives. Early decisions for the budget are based on the prior year's award, and adjustments are made once the grant award letter is received and funds are determined. 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 and improvement plan each fall on ePlan. Before budget requests for new resources are considered, current and existing resources are reviewed to determine the specific needs for the upcoming fiscal year. Personnel responsible for the budget process include the CFO and finance department staff, all department staff administering federal funds, and other departments benefiting from these funds. The time frame for the annual budget process begins in late fall preceding the upcoming fiscal year and continues through early 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.

Organization Chart for Budget Process



LCSS Policy 2.200 - Annual Operating Budget

http://images.pcmac.org/Uploads/TennesseeSBA/TennesseeSBA/Departments/DocumentsCategories/Documents/2200_52.pdf

Reviewing and Approving the Budget:

LCSS Budget Process for Federal Grants:

The Director of Schools, the Chief Financial Officer and directors of each department together prepare an annual budget for submission to the TN Department of Education. By the early spring of each year, the CFO and district leadership team review the items in the budget to ensure allowability. See Section [E] for a discussion on performing allowability determinations. If the team determines that a cost is not allowable, then each the director of each grant must make necessary adjustments to meet allowability.

LCSS Policy 2.200 - Annual Operating Budget

http://images.pcmac.org/Uploads/TennesseeSBA/TennesseeSBA/Departments/DocumentsCategories/Documents/2200_52.pdf

Once the Director of Schools, the Chief Financial Officer and directors of each department determine that all budgeted items are allowable, the budget is sent to the LCSS Board of Education and to the Lawrence County Commission for final review and approval. Generally, the budget receives final approval by July 1st of each year or at the latest October 1st of each year. The budget is entered into an Excel Spreadsheet by the various financial departments. Once the budget is approved, it goes to the Chief Financial Officer's finance office where it is loaded into the Local Government accounting system in the form of a budget transaction.

After Receiving the grant award letter

Upon receipt of the grant award letter, the project is implemented as written. If the grant award letter is changed or different from the original grant award or if other changes are needed to the original grant budget, the director responsible (IDEA Director, Manager of Federal Programs, Pre-K Director, Food Services Director, Coordinator of School Health, Safety Director, or CTE Director) will meet with personnel benefiting from or overseeing the implementation of the grant 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.

Amending the Budget

The process for amending the budget is as follows:

1. A revision is made on ePlan and must be approved by the district fiscal representative, the state, and the director of schools.
2. An amendment is submitted to the LCSS Board of Education for approval.
3. Once approved, it is submitted to the Lawrence County Commission for approval.

All budget amendments are approved by all appropriate departments by the end of the fiscal year June 30.

LCSS Policy 2.201 - Line Item Transfer Authority:

http://images.pcmac.org/Uploads/TennesseeSBA/TennesseeSBA/Departments/DocumentsCategories/Documents/2201_49.pdf

Budget Control

LCSS monitors its financial performance by comparing and analyzing actual results with budgeted results. **The office of the Chief Financial Officer continually monitors budget with actual expenditures through reports generated in the Local Government accounting software. Budget versus Actual reports are generated often and timely when analyzing budgets for federal grants. Because the monitoring of grants is continuous, there are no significant differences. However, if errors are found, transfers are made by the Office of the Chief Financial Officer to correct errors. If it is determined that the amount budgeted in any account is insufficient to cover costs needed, then plans to amend the budget are started by the respective department.**

D. Accounting Records

All LCSS accounting records are retained in the Office of the Chief Financial Officer electronically and paper copies as required by the State of Tennessee Department of Education Office of Local Finance. LCSS uses the accounts and their definitions as described in the State of Tennessee Department of Education Standardized System of Accounting and

Reporting Manual found here:

http://www.tennessee.gov/assets/entities/education/attachments/loc_fin_system_manual.pdf

As fiscal service provider for the system, they are responsible for maintaining accounting records including assets, liabilities, revenues, and expenses. All amounts of money received by a school system from external sources are defined as revenues, and all amounts of money paid out by a school system are defined as expenses. Assets are defined as resources with present service capacity that LCSS presently controls. Likewise, liabilities are present obligations of LCSS.

However, when the Federal Projects Bookkeeper and CFO review the budget versus actual expenses and notice any discrepancies, then journal entries are made within the accounting system by the Federal Projects Bookkeeper. The original request for a journal entry is initiated in the LCSS business office. Journal entries are reviewed and posted by the Federal Projects Bookkeeper in the LCSS business office. There are no recurring journal entries. LCSS follows the State of Tennessee Chart of Accounts as provided in the State's Standardized System of Accounting and Reporting manual.

Link to State of Tennessee Chart of Accounts -

<http://www.comptroller.tn.gov/la/pdf/chrt2012.pdf>

E. Spending Grant Funds

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, the respective federal projects director and Chief Financial Officer should keep in mind the difference between direct costs and indirect costs.

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 benefiting 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 indirect cost rate is developed using guidelines provided by the Tennessee Department of Education. The regional fiscal consultant assigned by the State Department of Education assists in determining the indirect cost rate annually. See the state department of education form, *Non-restricted and restricted indirect cost plan*, for items included at this website:**

http://www.tn.gov/assets/entities/education/attachments/loc_fin_indirect_cost_manual.pdf

Applying the Indirect Cost Rate: Once LCSS 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 LCSS 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 LCSS will spend its grant funds, each director responsible (IDEA Director, Manager of Federal Programs, Pre-K Director, Food Services Director, Coordinator of School Health, Safety Director, or CTE Director) 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. The director responsible (IDEA Director, Manager of Federal Programs, Pre-K Director, Food Services Director, Coordinator of School Health, Safety Director, or CTE Director) must consider these factors when making an allowability determination.

- **Be Necessary and Reasonable for the performance of the federal award.** LCSS 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 LCSS or the proper and efficient performance of the federal award.

- The restraints or requirements imposed by factors, such as: sound business practices; arm's-length bargaining; federal, state and other laws and regulations; and terms and conditions of the federal award.
- Market prices for comparable goods or services for the geographic area.
- Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to LCSS, 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 District.
- 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.

Part 200’s cost guidelines must be considered when federal grant funds are expended. As provided above, federal rules require state- and District-level requirements and policies regarding expenditures to be followed as well. For example, state and/or District policies relating to travel or equipment may be narrower than the federal rules, and the stricter State and/or District 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 not allowable for any of these reasons, federal funds cannot be used to purchase it.

District personnel responsible for spending federal grant funds and for determining allowability must be familiar with the Part 200 selected items of cost section. The District must follow these rules when charging these specific expenditures to a federal grant. When applicable, District staff must check costs against the selected items of cost requirements to ensure the cost is allowable. In addition, State, District and program-specific rules may deem a cost as unallowable and District 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 District 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 District 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)), along with accompanying program regulations, non-regulatory guidance and grant award notifications.

The state and/or District rules related to some specific cost items are discussed below. District employees must be aware of these State and District rules and ensure they are complying with these requirements.

LCSS Policy 2.401 - Gifts and Bequests

http://images.pcmac.org/Uploads/TennesseeSBA/TennesseeSBA/Departments/DocumentsCategories/Documents/2401_52.pdf

LCSS Policy 2.600 - Bonded Employees

http://images.pcmac.org/Uploads/TennesseeSBA/TennesseeSBA/Departments/DocumentsCategories/Documents/2600_52.pdf

LCSS Policy 2.703 - Audits

http://images.pcmac.org/Uploads/TennesseeSBA/TennesseeSBA/Departments/DocumentsCategories/Documents/2703_52.pdf

LCSS Policy 2.704 - Capital Assets

http://images.pcmac.org/Uploads/TennesseeSBA/TennesseeSBA/Departments/DocumentsCategories/Documents/2704_6.pdf

LCSS Policy 2.800 - Expenditure of Funds

http://lcss.us/index.php?option=com_wrapper&Itemid=225

LCSS Policy 2.804 - Expenses and Reimbursements

http://images.pcmac.org/Uploads/TennesseeSBA/TennesseeSBA/Departments/DocumentsCategories/Documents/2804_52.pdf

LCSS Policy 2.805 - Purchasing

http://lcss.us/index.php?option=com_wrapper&Itemid=225

LCSS Policy 2.809 - Vendor Relations

http://images.pcmac.org/Uploads/TennesseeSBA/TennesseeSBA/Departments/DocumentsCategories/Documents/2809_49.pdf

LCSS Policy 3.600 - Insurance Management

http://images.pcmac.org/Uploads/TennesseeSBA/TennesseeSBA/Departments/DocumentsCategories/Documents/3600_52.pdf

LCSS Policy 6.701 - Student Solicitations/Fundraising Activities

http://images.pcmac.org/Uploads/TennesseeSBA/TennesseeSBA/Departments/DocumentsCategories/Documents/6701_51.pdf

LCSS Policy 6.709 - Student Fees & Fines

http://images.pcmac.org/Uploads/TennesseeSBA/TennesseeSBA/Departments/DocumentsCategories/Documents/6709_53.pdf

LCSS Policy 6.710 - Gifts

http://images.pcmac.org/Uploads/TennesseeSBA/TennesseeSBA/Departments/DocumentsCategories/Documents/6710_38.pdf

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

(see Appendix B - **LCSS Travel Procedures**)

Helpful Questions for Determining Whether a Cost is Allowable

In addition to the cost principles and standards described above, the director responsible (IDEA Director, Manager of Federal Programs, Pre-K Director, Food Services Director, Coordinator of School Health, Safety Director, or CTE Director) 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 District 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, the director responsible (IDEA Director, Manager of Federal Programs, Pre-K Director, Food Services Director, Coordinator of School Health, Safety Director, or CTE Director) 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. Further, under most major elementary and secondary education programs, recipients

Also, funds should be targeted to address areas of weakness, as necessary. To make this determination, the director responsible (IDEA Director, Manager of Federal Programs, Pre-K Director, Food Services Director, Coordinator of School Health, Safety Director, or CTE Director) should review data when making purchases to ensure that federal funds to meet these areas of concern.

F. Federal Cash Management Policy/Procedures

The District 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 District receives payment from the TDOE on a reimbursement basis. 2 C.F.R. § 200.305. However, if the District receives an advance in federal grant funds, the District will remit interest earned on the advanced payment quarterly to the federal agency. The District 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 District 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 District. Any

interest earned on those funds while on-deposit in the District's bank account after drawdown and before disbursement must be included in the interest earned calculation.

Payment Methods

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

The LCSS Federal Projects Bookkeeper will request reimbursement for actual expenditures incurred under the federal grants **at least monthly**. Reimbursement requests will be submitted via ePlan. All reimbursements are based on actual disbursements, not on obligations.

All reimbursement requests are tied to specific set-asides and/or approved budget line items and must be approved prior to submission in ePlan.

LCSS requests federal and state funds to reimburse all current expenditures through the State of TN ePlan Grants Management System. Once a grant application has been approved and loaded into ePlan, the following procedure for requesting reimbursements should be followed:

- 1. The payroll department will process and post all payrolls 3 days prior to the scheduled pay day and post the payroll transactions to Local Government Software.**
- 2. The appropriate bookkeeper will print supporting reports from Local Government that provide total Year-to-Date Expenditures by line item for each state and federal grant. These reports will include the current payroll expenditures as well as non-payroll expenditures processed as of that day.**
- 3. The appropriate bookkeeper will "Create a New Request for Reimbursement" in Draft form for each grant and enter the Year-to-Date expenditures into ePlan by line item.**
- 4. The appropriate bookkeeper will create a PDF document of report(s) to support the expenditures and upload into ePlan for each grant that requires additional documentation.**
- 5. The appropriate bookkeeper will then change the status of the reimbursement request to "Draft Complete" and generate a summary page for each grant that provides the total allocation, total expenditures, total amount received, and total of this request.**

Consistent with state and federal requirements, the District will maintain source documentation supporting the federal expenditures (i.e. statement of expenditures report generated from Local Government software) and will make such documentation available for the TDOE review upon request.

Reimbursements of actual expenditures do not require interest calculations.

Advances: To the extent the District receives advance payments of federal grant funds, the District will strive to expend the federal funds on allowable expenditures within 72 hours of receipt. The District will hold federal advance payments in interest-bearing accounts, unless an allowable exception applies. The District 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 District’s actual/average interest rate. The District may retain up to \$500 of interest earned per year. Within 30 days of the end of the quarter, the District 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.

G. Timely Obligation of Funds

When Obligations are Made

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

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

If the obligation is for:	The obligation is made:
Acquisition of property	On the date which the District makes a binding written commitment to acquire the property
Personal services by an employee of the District	When the services are performed

Personal services by a contractor who is not an employee of the District	On the date which the District makes a binding written commitment to obtain the services
Public utility services	When the District receives the services
Travel	When the travel is taken
Rental of property	When the District uses the property
A pre-agreement cost that was properly approved by the Secretary under the cost principles in 2 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 District will always plan to spend all current grant funds within the year the grant was appropriated for, the period of obligation for any grant that is covered by the “Tydings Amendment” is 27 months, extending from July 1 of the fiscal year for which the funds were appropriated through September 30 of the second following fiscal year. This maximum period includes a 15-month period of initial availability, plus a 12-month period for carryover. 34 C.F.R. § 76.709. For example, funds awarded on July 1, 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 District must liquidate all obligations incurred under the award not later than 90 days after the end of the funding period unless an extension is authorized. 2 C.F.R. § 200.343(b). Any funds not obligated within the period of availability or liquidated within the appropriate timeframe are said to lapse and must be returned to the awarding agency. 2 C.F.R. § 200.343(d). Consequently, the District closely monitors grant spending throughout the grant cycle.

Carryover

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

The district 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.

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

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

- The terms and conditions of the Federal award prohibit the extension;
- The extension requires additional Federal funds; or

- The extension involves any change in the approved objectives or scope of the project. 2 C.F.R. § 200.308(d)(2).

The district will 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. The Federal Programs Director, the CFO, and the Director of Schools will make this decision, with the Director of Schools making the final approval. Specific details per the awarding agency will be provided in a written notice from the Federal Programs Director.

H. 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 District is the deduction method. 2 C.F.R. § 200.307(e). Under the deduction method, program income is deducted from total allowable costs to determine the net allowable costs. Program income will only be used for current costs unless the District is otherwise directed by the federal awarding agency or pass-through entity. 2 C.F.R. § 200.307(e)(1). The LEA may also request prior approval from the federal awarding agency to use the addition method. Under the addition method, program

income may be added to the Federal award by the Federal agency and the non-Federal entity. The program income must then be used for the purposes and under the conditions of the Federal award. 2 C.F.R. § 200.307(e)(2).

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

LCSS does not receive any program income. State guidelines will be followed in the case a project does produce income. In such a case, the respective director becomes responsible for the income.

III. Procurement System

The District maintains the following purchasing procedures.

A. Responsibility for Purchasing

The Office of the Chief Financial Officer is responsible for the acquisition and contract of all supplies, materials, equipment, and/or services for LCSS based upon the request from the head of each department. The office of the CFO is authorized to purchase and contract to purchase materials, supplies, equipment and contractual services on a fiscal year basis, but no commitment will be made which extends beyond the end of the current fiscal year for which appropriations have been made by the local governing body, except such commitments as are authorized by resolution of the local governing body.

LCSS assumes no liability for payment obligations except those incurred according to its purchasing policies.

The district uses requisitions and purchase orders for procurement. Each department keeps paper copies, as well as electronic copies in Federal Programs. Purchase Orders are prenumbered, and documents are housed in each department accessible only to appropriate staff. The requisitions contain a description of the services to be performed and goods to be delivered, a location where the services are to be performed or goods to be delivered, and the anticipated dates of service or delivery. Packing slips and invoices are also collected and attached to the requisition and purchase order and recorded in a log.

When requests are made, each department is responsible for preparing a purchase requisition of the materials or services that it needs and submit the purchase requisition to the Office of the CFO for approval. In preparing the purchase requisition, the department should include such pertinent facts as department name, date, the department's account to be charged, delivery point, complete description of article, quantity of material requested, unit price quoted and total price. Contracts are written by either the vendor or the department in which the service occurs.

No purchase shall be made or contract of purchase issued without a purchase requisition for the supplies, materials, equipment or contractual services. All purchase requisitions will be signed by the head of the department requiring such articles or services. Original copies of all purchase requisitions will be kept on file in the office of the CFO.

In the event that the head of the department is not available, there will be a designee that may approve the purchase requisitions.

All purchases of supplies, materials, equipment or contract for services must be evidenced by a written purchase order signed by the CFO, which will give all significant details respecting such order or contract.

A copy of such order will be furnished to the vendor, 1 copy will be furnished to the head of the department, and at least 1 copy will be retained in the office of the CFO.

All purchases will be made within the limits of the approved budget and the appropriations made for the department for which the purchase is made.

LCSS Policy 2.800 - Expenditure of Funds

http://lcss.us/index.php?option=com_wrapper&Itemid=225

LCSS Policy 2.805 - Purchasing

http://lcss.us/index.php?option=com_wrapper&Itemid=225

LCSS Policy 2.807 - Requisitions

http://images.pcmac.org/Uploads/TennesseeSBA/TennesseeSBA/Departments/DocumentsCategories/Documents/2807_46.pdf

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 \$10,000

Tennessee Code Annotated (T.C.A.) allows a district to choose to follow the prescribed purchasing procedures of the district's local governing body, or to develop its own policies and procedures and purchase all supplies, furniture, fixtures, and material of every kind through the executive committee.

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.”

In accordance with the 1957 Purchasing Act, LCSS has established that purchases less than \$10,000 may be purchased without soliciting competitive bids.

All purchases in amounts that do not require bid solicitation may be made by the office of the CFO in the open market without newspaper notice, but shall whenever possible be based upon at least three (3) competitive quotations. Competitive quotations may be solicited by telephone, fax, or email.

If the purchase is \$2,000 to \$9,999.99, a record of these quotations should be maintained and a copy submitted to the office of the CFO attached to the requisition at the time the purchase order is requested. No quotation documentation is required for any purchase less than \$2,000.

Prior to any purchase, a purchase requisition form must be issued and submitted to the office of the CFO for approval, verification and encumbrance of funds. If approved, a purchase order number will be issued from the appropriate bookkeeper and a purchase order will be generated from Local Government accounting software. The purchase order will be returned to the requisitioning department or office, and the items requested may be placed on order. The supplier should be notified that LCSS’s only method of payment is via check. The supplier must be given the purchase order number and instructed to show this number on all invoices pertaining to that purchase. Once this is done and the terms of the purchase order have been fulfilled, the invoice(s) are to be returned to the office of the CFO for payment.

LCSS Policy 2.800 - Expenditure of Funds

http://lcss.us/index.php?option=com_wrapper&Itemid=225

LCSS Policy 2.805 - Purchasing

http://lcss.us/index.php?option=com_wrapper&Itemid=225

LCSS Policy 2.806 - Bids and Quotations

http://images.pcmac.org/Uploads/TennesseeSBA/TennesseeSBA/Departments/DocumentsCategories/Documents/2806_52.pdf

LCSS Policy 2.807 - Requisitions

http://images.pcmac.org/Uploads/TennesseeSBA/TennesseeSBA/Departments/DocumentsCategories/Documents/2807_46.pdf

Purchases over \$10,000

Tennessee Code Annotated (T.C.A.) allows a district to choose to follow the prescribed purchasing procedures of the district's local governing body, or to develop its own policies and procedures and purchase all supplies, furniture, fixtures, and material of every kind through the executive committee.

Regarding purchases estimated to exceed ten 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."

In accordance with the 1957 Purchasing Act, LCSS has established that purchases exceeding \$10,000 must be based upon competitive bids.

Unless otherwise provided by Tennessee law, all purchases of and contracts for purchase of supplies, materials, equipment and contractual services, and all contracts for the lease or rental of equipment, will be based wherever possible on competitive bids. All bids taken

under these requirements, including purchase orders pertaining to the award of contracts on such bids, will be preserved for a period of 5 years.

Sealed bids shall be solicited by public notice inserted at least once in a newspaper of county-wide circulation, ten (10) business days prior to the date of submitting bids. All sealed bids received shall be opened publicly at the time and place fixed in the newspaper advertisement. Each bid will be entered on a record, and each record with the names of the bidders, the amounts of their bids, and the name of the successful bidder indicated will be open to public inspection.

All bids will be awarded to the lowest responsible and responsive bidder, taking into consideration the quality of the articles to be supplied, their conformity with specifications, and the delivery terms. Any and all bids may be rejected for good cause. All bids must have board approval prior to a purchase order being issued.

Prior to any purchase, a purchase requisition form must be issued and submitted to the office of the CFO for approval, verification and encumbrance of funds. If approved, a purchase order number will be issued from the appropriate bookkeeper and a purchase order will be generated from Local Government accounting software. The purchase order will be returned to the requisitioning department or office, and the items requested may be placed on order. The supplier should be notified that LCSS's only method of payment is via check. The supplier must be given the purchase order number and instructed to show this number on all invoices pertaining to that purchase. Once this is done and the terms of the purchase order have been fulfilled, the invoice(s) are to be returned to the office of the CFO for payment.

LCSS Policy 2.800 - Expenditure of Funds

http://lcss.us/index.php?option=com_wrapper&Itemid=225

LCSS Policy 2.805 - Purchasing

http://lcss.us/index.php?option=com_wrapper&Itemid=225

LCSS Policy 2.806 - Bids and Quotations

http://images.pcmac.org/Uploads/TennesseeSBA/TennesseeSBA/Departments/DocumentsCategories/Documents/2806_52.pdf

LCSS Policy 2.807 - Requisitions

http://images.pcmac.org/Uploads/TennesseeSBA/TennesseeSBA/Departments/DocumentsCategories/Documents/2807_46.pdf

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.

The competitive sealed proposal method is used for goods and services above the small purchase threshold where the specifications cannot be developed so that LCSS can sufficiently make a selection solely based on price. In the competitive sealed proposal process, LCSS issues either an “invitation to bid” or a request for proposal (RFP) describing, as best it can, the needs of the district with regard to the goods and/or services to be purchased and invites interested vendors to make proposals. A “proposal” is an offer by a vendor to provide the requested goods or services as he/she understands and recommends it at a suggested price or unit cost. Proposals are evaluated by each department, according to the criteria described in the invitation to bid or RFP. Any proposal submitted by a vendor appearing on the debarment list or any bid not received by an advertised deadline is rejected by the project director. The award is made to the proposal that is most favorable to LCSS considering price and the other evaluation criteria. Upon selection of the best bid, a recommendation will be made to the Lawrence County Board of Education for approval of the proposal.

After the award is made, but prior to any purchase, a purchase requisition form must be issued and submitted to the office of the CFO for approval, verification and encumbrance of funds. If approved, a purchase order number will be issued from the appropriate bookkeeper and a purchase order will be generated from Local Government accounting software. The purchase order will be returned to the requisitioning department or office, and the items

requested may be placed on order. The supplier should be notified that LCSS's only method of payment is via check. The supplier must be given the purchase order number and instructed to show this number on all invoices pertaining to that purchase. Once this is done and the terms of the purchase order have been fulfilled, the invoice(s) are to be returned to the office of the CFO for payment.

LCSS Policy 2.800 - Expenditure of Funds

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LCSS Policy 2.805 - Purchasing

http://lcss.us/index.php?option=com_wrapper&Itemid=225

LCSS Policy 2.806 - Bids and Quotations

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LCSS Policy 2.807 - Requisitions

http://images.pcmac.org/Uploads/TennesseeSBA/TennesseeSBA/Departments/DocumentsCategories/Documents/2807_46.pdf

Architectural/Engineering Professional Services: The District 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.

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, Districts 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 District 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).

LCSS Policy 2.800 - Expenditure of Funds

http://lcss.us/index.php?option=com_wrapper&Itemid=225

LCSS Policy 2.805 - Purchasing

http://lcss.us/index.php?option=com_wrapper&Itemid=225

LCSS Policy 2.806 - Bids and Quotations

http://images.pcmac.org/Uploads/TennesseeSBA/TennesseeSBA/Departments/DocumentsCategories/Documents/2806_52.pdf

LCSS Policy 2.807 - Requisitions

http://images.pcmac.org/Uploads/TennesseeSBA/TennesseeSBA/Departments/DocumentsCategories/Documents/2807_46.pdf

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 District; 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.

Exceptions to the Normal Purchasing Process

Emergency Purchases The director of schools may authorize any department of the district to purchase in the open market, without filing requisition or estimate, any supplies, materials or equipment for immediate delivery in actual emergencies arising from unforeseen causes. Emergencies should not include any situations or conditions arising from neglect or indifference in anticipating normal needs.

Professional service contracts Professional service contracts (legal services, auditing by certified public accountants, and similar services) are not to be based on competitive bids but instead must be awarded based on recognized competence and integrity. This exception to the competitive bidding requirement will not prohibit LCSS from interviewing eligible persons or groups to determine the capabilities of such persons or groups.

Fixed Priced Items Competitive bids are not required for services for which the rate or price is fixed by a public authority authorized by law to fix such rates or prices, such as utilities.

Sole Source Item Any goods or services which may not be purchased by competitive bids because of the existence of a single source of supply may be purchased without the requirement for competitive bidding. A record of such sole source purchase must be maintained by the person authorizing such purchase and a copy should be maintained in the office of the CFO for audit purposes.

A memorandum from the ordering department requesting sole source status and how it was determined that the item is available from only one source must be submitted with the requisition.

A “sole source” letter from the vendor must also be attached. This letter must indicate that the item(s) is not available from any other source. The letter will also document the quotation and the quotation must include any shipping charges. If the vendor will not supply the written documentation, the order will not be considered sole source and will be subject to normal purchasing procedures.

LCSS Policy 2.800 - Expenditure of Funds

http://lcss.us/index.php?option=com_wrapper&Itemid=225

LCSS Policy 2.805 - Purchasing

http://lcss.us/index.php?option=com_wrapper&Itemid=225

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LCSS Policy 2.807 - Requisitions

http://images.pcmac.org/Uploads/TennesseeSBA/TennesseeSBA/Departments/DocumentsCategories/Documents/2807_46.pdf

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

LCSS uses two vendor purchase cards, Wal-Mart and Home Depot. Purchase cards are maintained in the office of the CFO. Purchase orders must be generated and approved before cards are used. Any merchandise available at these stores is permitted for purchase as long as it has been approved as an acceptable item for the grant. The maximum amount that can be charged must be reasonable and near the estimate for cost listed on the purchase order. Documentation for purchase cards follow all procurement procedures as outlined in other

purchases. All purchases are reviewed by the Office of the CFO. No purchase cards used to cover expenses associated with travel such as gas or hotels.

LCSS Policy 2.8051 - Use of Credit Cards

http://images.pcmac.org/Uploads/TennesseeSBA/TennesseeSBA/Departments/DocumentsCategories/Documents/28051_4.pdf

D. Full and Open Competition

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

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

EDGAR further requires the following to ensure adequate competition.

Geographical Preferences Prohibited

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

Prequalified Lists

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

Solicitation Language

The District must ensure that all solicitations incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description must not, in competitive procurements, contain features 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 offers must fulfill and all other factors to be used in evaluating bids or proposals. 2 C.F.R § 200.319(c).

E. Federal Procurement System Standards

Avoiding Acquisition of Unnecessary or Duplicative Items

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

LCSS Policy 2.805 - Purchasing

http://lcss.us/index.php?option=com_wrapper&Itemid=225

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.

LCSS Policy 2.805 - Purchasing

http://lcss.us/index.php?option=com_wrapper&Itemid=225

Use of Federal Excess and Surplus Property

The District 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.

LCSS Policy 2.805 - Purchasing

http://lcss.us/index.php?option=com_wrapper&Itemid=225

Debarment and Suspension

The District 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.

The District 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 Lawrence County School System finance department verifies vendors and licensing information and documentation before a contract is awarded.

Maintenance of Procurement Records

The District 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.

Lawrence County School System finance department follow records maintenance and retention guidelines provided by The University of Tennessee County Technical Assistance which is found at:

<http://ctas-eli.ctas.tennessee.edu/reference/accounting-purchasing-and-other-miscellaneous-records>

Time and Materials Contracts

The District 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 District is the sum of: the actual costs of materials, and direct labor hours charged at fixed hourly rates that reflect wages, general and administrative expenses, and profit.

Since this formula generates an open-ended contract price, a time-and-materials contract provides no positive profit incentive to the contractor for cost control or labor efficiency. Therefore, each contract must set a ceiling price that the contractor exceeds at its own risk. Further, the District must assert a high degree of oversight in order to obtain reasonable assurance that the contractor is using efficient methods and effective cost controls.

The district does not do time and materials contracts.

Settlements of Issues Arising Out of Procurements

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

Any vendor requesting a formal bid protest hearing must make this request in writing to the Lawrence County School System Finance Department within five (5) business days following the bid opening. The vendor's letter of request must state in detail all reasons and justifications for the hearing request. The letter of request will be sent to the Director of

Schools for review. The vendor will be notified in writing within five (5) business days as to the results of the review.

If the vendor disagrees with the decision of the Director of Schools, the vendor may request to meet with and address the Lawrence County Board of Education during the next scheduled Board Meeting. The Lawrence County Board of Education will determine if a hearing is deemed appropriate, based on the details and reasons stated within the letter of request and after hearing from the school department involved. The Board shall render within thirty (30) days a written finding which shall be provided to the vendor.

Protest Procedures to Resolve Dispute

The District 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.

See procedures for “Settlements of Issues Arising out of Procurements”

F. Conflict of Interest Requirements

Standards of Conduct

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

No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a federal award if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her 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 District may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts, unless the gift is an unsolicited item of nominal value.

LCSS Policy 5.605 - Staff Gifts and Solicitations

http://images.pcmac.org/Uploads/TennesseeSBA/TennesseeSBA/Departments/DocumentsCategories/Documents/5605_50.pdf

LCSS Policy 2.809 - Vendor Relations

http://images.pcmac.org/Uploads/TennesseeSBA/TennesseeSBA/Departments/DocumentsCategories/Documents/2809_49.pdf

LCSS Policy 5.601 - Conflict of Interest

http://images.pcmac.org/Uploads/TennesseeSBA/TennesseeSBA/Departments/DocumentsCategories/Documents/5601_53.pdf

LCSS Policy 1.107 - Board Member Conflict of Interest

http://images.pcmac.org/Uploads/TennesseeSBA/TennesseeSBA/Departments/DocumentsCategories/Documents/1107_54.pdf

LCSS Policy 1.108 - Nepotism

http://images.pcmac.org/Uploads/TennesseeSBA/TennesseeSBA/Departments/DocumentsCategories/Documents/1108_52.pdf

LCSS Policy 1.106 - Code of Ethics

http://images.pcmac.org/Uploads/TennesseeSBA/TennesseeSBA/Departments/DocumentsCategories/Documents/1106_56.pdf

Organizational Conflicts

Organizational conflicts of interest means 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.

Disciplinary Actions

LCSS Policy 5.501 - Complaints and Grievances

http://images.pcmac.org/Uploads/TennesseeSBA/TennesseeSBA/Departments/DocumentsCategories/Documents/5501_54.pdf

Mandatory Disclosure

Upon discovery of any potential conflict, the District shall disclose in writing the potential conflict to the federal awarding agency in accordance with applicable federal awarding agency policy.

LCSS Policy 2.809 - Vendor Relations

http://images.pcmac.org/Uploads/TennesseeSBA/TennesseeSBA/Departments/DocumentsCategories/Documents/2809_49.pdf

In the case of potential conflict, the district will notify the applicable federal awarding agency.

G. Contract Administration

The District 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.

LCSS Policy 2.808 Purchase Orders and Contracts

http://images.pcmac.org/Uploads/TennesseeSBA/TennesseeSBA/Departments/DocumentsCategories/Documents/2808_51.pdf

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 District 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 District 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.

LCSS Policy 2.702 - Inventories

http://images.pcmac.org/Uploads/TennesseeSBA/TennesseeSBA/Departments/DocumentsCategories/Documents/2702_52.pdf

LCSS Policy 2.704 - Capital Assets

http://images.pcmac.org/Uploads/TennesseeSBA/TennesseeSBA/Departments/DocumentsCategories/Documents/2704_6.pdf

B. Inventory Procedure

- Each Program Director will be responsible for all equipment purchased with the respective funds.
- Purchase orders for equipment and/or sensitive minor equipment must reflect shipment to the Central Office or designated facility for proper logging, labeling and distribution to schools.
- Central Office Personnel and/or designated Property Custodian at the facility shall ensure that an equipment log/database contains all the data elements as required, by statutes, including property inspection upon receipt, purchase order and invoice match.
- Each school/facility shall have the designated Property Custodian maintain proper inventory records in the online district property management system, including any changes in location, condition, or disposition of the equipment.
- The Property Custodian shall tag all equipment and sensitive items, including computing devices (laptops, smartphones, and tablets) technology of \$100 value or greater.
- The Property Custodian shall apprise the school administration of any theft of equipment. The School Administration shall be responsible for the filing of a police report and notification to the Central Office that includes a copy of the police report.
- Any equipment stolen/lost, declared surplus, or disposed of shall be appropriately documented and submitted to the board of education for action.
- School personnel in possession of acquired equipment shall ensure adequate maintenance via the utilization of the Help Desk of the LEA's website.
- Technology Personnel shall maintain adequate schedules and resolutions of equipment maintenance and/or repairs.
- Property custodians shall conduct a physical inventory of equipment annually.

LCSS Policy 2.702 - Inventories

http://images.pcmac.org/Uploads/TennesseeSBA/TennesseeSBA/Departments/DocumentsCategories/Documents/2702_52.pdf

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.

Inventory Process

- 1. For any property that is sold funds recouped are returned to the program from which they were purchased and new. Similar items are purchased for replacement, if deemed appropriate.**
- 2. A thorough investigation must occur to recover any property that is stolen or lost. In the event that is cannot be found, a police report is filed.**
- 3. If the property has usable parts, they are retained for repairing other equipment. If it cannot be repaired, it is discarded and removed from the inventory.**
- 4. A physical inventory is conducted on a biannual basis for Federal Programs.**

LCSS Policy 2.702 - Inventories

http://images.pcmac.org/Uploads/TennesseeSBA/TennesseeSBA/Departments/DocumentsCategories/Documents/2702_52.pdf

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.

A physical inventory is conducted annually by school and department staff and posted to the district online inventory management system and updated throughout the year as items are

acquired or removed. The posting of items acquired will include a funding source when purchased or location source when coming from within the district. When items are removed, the listing is changed to indicate the item was sold, disposed, etc. The district online inventory management system is managed by district staff annually.

LCSS Policy 2.704 - Capital Assets

http://images.pcmac.org/Uploads/TennesseeSBA/TennesseeSBA/Departments/DocumentsCategories/Documents/2704_6.pdf

E. Property/Equipment Maintenance

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

District property is to be used for district purposes only. Personal use of district inventory is not permitted. If any item is broken, a work order is submitted to the appropriate department for repair.

LCSS Policy 3.300 - Equipment and Supplies Management

http://images.pcmac.org/Uploads/TennesseeSBA/TennesseeSBA/Departments/DocumentsCategories/Documents/3300_54.pdf

F. Lost or Stolen Items

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

LCSS Policy 4.401a - Lending of School Owned Equipment

<http://images.pcmac.org/Uploads/TennesseeSBA/TennesseeSBA/Departments/DocumentsCategories/Documents/4401a.pdf>

G. Use of Equipment

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

and the pass-through entity. 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.

Redistribution of equipment and supplies are processed through the department of purchase (i.e., Federal Programs, Special Education, Technology, Academics, etc.) based on the specific funding rules and regulations and the areas of need in the district.

If items purchased with federal funds are no longer needed by the original federal program, then those items are offered to other programs supported by other federal awarding agencies.

LCSS Policy 3.205 - Security

http://images.pcmac.org/Uploads/TennesseeSBA/TennesseeSBA/Departments/DocumentsCategories/Documents/3205_54.pdf

H. 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 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 District 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.

When items are determined to be surplus, they are moved to a central location for auction if they have any value. The appropriate school department coordinates the auction through an online auction site. Proceeds from the auction are posted to the appropriate funding source.

LCSS Policy 2.403 - Personal Property Sales

http://images.pcmac.org/Uploads/TennesseeSBA/TennesseeSBA/Departments/DocumentsCategories/Documents/2403_51.pdf

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 described 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.

LCSS uses semi-annual certifications. The appropriate supervisor of the responsible department and/or the principal of the school for which the employee is assigned will sign the semi-annual certifications. These are completed at the end of each semester.

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.

The Lawrence County School System Finance Office in cooperation with the district finance office prepare a quarterly Statement of Expenditures and Encumbrances. Adjustments are made immediately to the state, district, and county budgets.

All department budgets are reconciled with the district and county budgets at the end of each fiscal year. All time and effort certifications are reviewed bi-annually for accuracy and appropriate signatures and dates.

Employee Exits

LCSS Policy 5.200 - Separation Practices for Tenured Teachers.

http://images.pcmac.org/Uploads/TennesseeSBA/TennesseeSBA/Departments/DocumentsCategories/Documents/5200_55.pdf

LCSS Policy 5.201 - Separation Practices for Non-Tenured Teachers

http://lcss.us/index.php?option=com_wrapper&Itemid=225

LCSS Policy 5.202 - Separation Practices for Non-Certified Employees

http://images.pcmac.org/Uploads/TennesseeSBA/TennesseeSBA/Departments/DocumentsCategories/Documents/5202_52.pdf

B. Human Resources Policies

The District shall have human resource policies which at least cover (1) how employees are hired (2 C.F.R. § 200.430(a)(2)); (2) the extent to which employees may provide professional services outside the District (2 C.F.R. § 200.430(c)); (3) the provision of fringe benefits, including leave and insurance, (2 C.F.R. § 200.431); (4) the use of recruiting expenses to attract personnel (2 C.F.R. § 200.463(b)); and (5) reimbursement for relocations costs. 2 C.F.R. § 200.464.

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

LCSS Policy 5.106 - Application and Employment

http://images.pcmac.org/Uploads/TennesseeSBA/TennesseeSBA/Departments/DocumentsCategories/Documents/5106_52.pdf

LCSS Policy 5.107 - Orientation and Probation

http://images.pcmac.org/Uploads/TennesseeSBA/TennesseeSBA/Departments/DocumentsCategories/Documents/5107_45.pdf

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

LCSS Policy 5.607 - Non-School Employment

http://images.pcmac.org/Uploads/TennesseeSBA/TennesseeSBA/Departments/DocumentsCategories/Documents/5607_48.pdf

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

LCSS Policy 5.300 - Short Term Leave of Absence

http://images.pcmac.org/Uploads/TennesseeSBA/TennesseeSBA/Departments/DocumentsCategories/Documents/5300_38.pdf

LCSS Policy 5.301 - Emergency and Legal Leave

http://images.pcmac.org/Uploads/TennesseeSBA/TennesseeSBA/Departments/DocumentsCategories/Documents/5301_54.pdf

LCSS Policy 5.302 - Sick Leave

http://images.pcmac.org/Uploads/TennesseeSBA/TennesseeSBA/Departments/DocumentsCategories/Documents/5302_55.pdf

LCSS Policy 5.303 - Personal and Professional Leave

http://images.pcmac.org/Uploads/TennesseeSBA/TennesseeSBA/Departments/DocumentsCategories/Documents/5303_54.pdf

LCSS Policy 5.304 - Long Term Leaves of Absence

http://images.pcmac.org/Uploads/TennesseeSBA/TennesseeSBA/Departments/DocumentsCategories/Documents/5304_55.pdf

LCSS Policy 5.305 - Family and Medical Leave

http://images.pcmac.org/Uploads/TennesseeSBA/TennesseeSBA/Departments/DocumentsCategories/Documents/5305_55.pdf

LCSS Policy 5.306 - Military Leave

http://images.pcmac.org/Uploads/TennesseeSBA/TennesseeSBA/Departments/DocumentsCategories/Documents/5306_53.pdf

LCSS Policy 5.307 - Physical Assault Leave

http://images.pcmac.org/Uploads/TennesseeSBA/TennesseeSBA/Departments/DocumentsCategories/Documents/5307_53.pdf

LCSS Policy 5.308 - Sabbatical Leave

http://images.pcmac.org/Uploads/TennesseeSBA/TennesseeSBA/Departments/DocumentsCategories/Documents/5308_38.pdf

LCSS Policy 5.309 - Legislative Leave

http://images.pcmac.org/Uploads/TennesseeSBA/TennesseeSBA/Departments/DocumentsCategories/Documents/5309_48.pdf

LCSS Policy 5.310 - Vacations and Holidays

http://images.pcmac.org/Uploads/TennesseeSBA/TennesseeSBA/Departments/DocumentsCategories/Documents/5310_49.pdf

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

LCSS Policy 5.801 - Recruitment and Selection

http://images.pcmac.org/Uploads/TennesseeSBA/TennesseeSBA/Departments/DocumentsCategories/Documents/5801_54.pdf

5. Reimbursement of relocations costs (2 C.F.R. § 200.464)

Not applicable

VI. Record Keeping

A. Record Retention

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

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

Federal records for LCSS are kept for 5 years. When records are no longer needed, a request to dispose of records is submitted to the Lawrence County Board of Education for permission to dispose. Upon approval from LCBOE, a second request to dispose of records is submitted to the Lawrence County Archives for permission to dispose. Upon final approval, all records are shredded.

LCSS Policy 2.701 Financial Reports and Records

http://images.pcmac.org/Uploads/TennesseeSBA/TennesseeSBA/Departments/DocumentsCategories/Documents/2701_48.pdf

B. Collection and Transmission of Records

Records are kept electronically when possible; all other records are kept as paper copies within each department in LCSS. Records are transmitted electronically via ePlan to the state for monitoring, as well as provided physically when requested.

LCSS Policy 2.701 Financial Reports and Records

http://images.pcmac.org/Uploads/TennesseeSBA/TennesseeSBA/Departments/DocumentsCategories/Documents/2701_48.pdf

C. Access to Records

The District provides the awarding agency, Inspectors General, the Comptroller General of the United States, and the pass-through entity, or any of their authorized representatives the right of access to any documents, papers, or other records of the District which are pertinent to the Federal award, in order to make audits, examinations, excerpts, and transcripts. The right also includes timely and reasonable access to the District's personnel for the purpose of interview and discussion related to such documents.

D. Privacy

When any request is made for a copy of records, the individual must fill out the Request for Records form and show their driver's license and/or photo ID. End users who interface with sensitive information are required through the individual programs to change passwords frequently. Online training for all employees on the Family Educational Rights and Privacy Act (FERPA) will be managed through Five Points, My Benefits Channel, annually.

LCSS Policy 6.600 Student Records

http://images.pcmac.org/Uploads/TennesseeSBA/TennesseeSBA/Departments/DocumentsCategories/Documents/6600_54.pdf

LCSS Policy 6.603 Student Records; Use of Records

http://images.pcmac.org/Uploads/TennesseeSBA/TennesseeSBA/Departments/DocumentsCategories/Documents/6603_43.pdf

LCSS Policy 6.604 Media Access to Students

http://images.pcmac.org/Uploads/TennesseeSBA/TennesseeSBA/Departments/DocumentsCategories/Documents/6604_35.pdf

LCSS Policy 6.602 Student Records Inspection & Correction Procedure

http://images.pcmac.org/Uploads/TennesseeSBA/TennesseeSBA/Departments/DocumentsCategories/Documents/6602_53.pdf

LCSS Policy 1.4071 School Board Records

<http://images.pcmac.org/Uploads/TennesseeSBA/TennesseeSBA/Departments/DocumentsCategories/Documents/14071LCo.pdf>

LCSS Policy 6.601 Student Records Annual Notification of Rights

http://images.pcmac.org/Uploads/TennesseeSBA/TennesseeSBA/Departments/DocumentsCategories/Documents/6601_51.pdf

VII. Subrecipient Monitoring

In the event that the District 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.

LCSS does not award subgrants.

VIII. Frequently Asked Questions

IX. 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/>
 - <http://www.tennessee.gov/education/districts/index.shtml>
- 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
 - Lawrence County School System Policy Manual
 - http://lcss.us/index.php?option=com_wrapper&Itemid=225
- Organizational Chart
 - See Appendix C - **LCSS Organizational Chart**

Appendix A

	<h1 style="margin: 0;">LAWRENCE COUNTY SCHOOL SYSTEM PROCEDURES</h1>
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Standard Operating Procedure Outline		
Department	Fiscal	
Procedure	Internal Control Procedures	Procedure Date: 02/23/2016
Policy Reference #: 2.804	Issued Date: 01/20/2000	
Operational Objective(s)		
<ul style="list-style-type: none"> • To provide checks and balances to prevent fraud, waste and abuse. 		
Procedure		
<p>The Lawrence County School System recognizes that internal controls are one means by which a school system can achieve its objectives. They are checks and balances to help prevent fraud, waste and abuse. In fact, internal controls are the first line of defense to prevent and detect fraud. LCSS needs internal controls to:</p> <ul style="list-style-type: none"> ● Ensure mission accomplishment ● Reduce opportunities for fraud, waste and abuse ● Prevent loss of funds or other resources ● Establish standards of performance ● Assure compliance with laws, regulations, policies, and procedures ● Preserve integrity ● Eliminate adverse publicity ● Ensure public confidence ● Protect LCSS assets 		

- Promote effectiveness and efficiency of operations
- Ensure reliability of financial reporting
- Stay in compliance with applicable laws and regulations

Key elements of the LCSS Internal Control Procedures include the following principles:

1. **Separation of Duties:** Duties shall be divided so that no one person has complete control over a key function or activity of the system.
2. **Authorization and Approval:** Proposed transactions will be authorized only when they are consistent with policy and funds are available.
3. **Custodial and Security Arrangements:** The responsibility for custody of assets will be separated from the related recordkeeping.
4. **Review and Reconciliation:** Records will be examined and reconciled to determine that transactions were properly processed and approved on a regular and timely basis.
5. **Physical Controls:** Equipment, inventories, cash and other assets will be secured physically, counted periodically and compared with amounts shown on control records.
6. **Training and Supervision:** Employees will be well trained and supervised to ensure that control processes function properly.
7. **Documentation:** Well documented policies and procedures will be adopted to promote employee understanding of job duties and to help ensure continuity during employee absences and turnover.
8. **Cost/Benefit:** It will be the goal to ensure that costs associated with control processes will not exceed the expected benefits.
9. **Information:** The information and communication component of internal controls relates to the financial reporting process and, in particular, the accounting system and underlying transactions. It consists of the records and methods established to identify, capture, and exchange information in a form and time frame that enables people to carry out their responsibilities effectively, and to maintain accountability for related assets and liabilities. The information system produces reports containing operational, financial, and compliance-related information that make it possible to run and control LCSS finances. Reports that are produced should be utilized in the decision-making process. Failure to utilize these reports can be detrimental to the decision making of the system as a whole.

Internal Control Responsibilities and Organizational Hierarchy

Within the structure of the Lawrence County School System, the Director of Schools selects a Chief Financial Officer, who serves as the financial officer of the LCSS. The Chief Financial Officer shall have the authority to supervise adherence of the financial operation of the LCSS. Project Directors/Supervisors are responsible for establishing specific internal control policies and procedures as is appropriate for their office. Every employee is responsible for ensuring that established internal controls are followed and applied. Project Directors/Supervisors at all levels of the system are responsible for ensuring that an appropriate and effective control environment is in place in their areas of responsibility. All system personnel are responsible for communicating upward observed or suspected problems involving fraud or other improprieties involving LCSS resources. Project Directors/Supervisors will evaluate the effectiveness of control systems, monitor control systems, and contribute to the ongoing effectiveness of control systems. Throughout the process, management has been taught that the costs of control should never be allowed to exceed their benefits. External county auditors from the Tennessee Comptroller's Office will be utilized to review control systems for the impact they have on financial reporting and compliance with requirements of external agencies. Lawrence County also utilizes an Audit Committee to discuss and remedy the findings resulting from the audit of the Comptroller's Office.

Monitoring

On at least an annual basis all policies and procedures are reviewed and assessed in order to determine whether or not they are working as intended or if they should be modified by the Office of the Director of Schools. All such policies and procedures shall be in strict compliance with federal, state, and local laws.

Controls for Cash Receipts

The Office of the CFO does not handle a great deal of cash. However, there are certain control procedures that are employed. They include:

1. *Individual Accountability*: One employee of the Office of the CFO shall be designated as the person to handle all cash and distribute receipts. In the event of that person's absence, the CFO will assume that role.

2. *Control of Forms*: Receipts are issued in duplicate on pre-numbered forms that are labeled with Lawrence County School System on each. These are kept in the custody of the designated employee.

3. *Timely Recording and Deposit*: Immediately upon acceptance of cash, the designated employee will issue a pre-numbered receipt. Deposits are made with the Trustee within the three (3) day deposit rule.

4. *Segregation of Duties*: Reconciliation of cash per Trustee's Report to cash in system is undertaken at least once a month by an employee who is independent of the cash collection or enforcement functions.

Controls for Cash Disbursements

Cash is disbursed frequently in the Office of the CFO through two primary means of vendor and payroll checks. The following are utilized for effective internal controls for cash disbursements:

A. Vendor Checks

1. *Goods Received*: Goods are received and signed for payment approval within the various departments. The invoice or packing slip must be signed by the appropriate office holder/department head before payment is issued.

2. *Payment Processing*: Upon receipt of a payment request/invoice, the Office of the CFO will review the documentation to ensure its accuracy. Purchase order, invoice, signature for payment approval, etc. will all be checked for completion before payment is issued.

3. *Check Issuance*: Once completion is verified, the Office of the CFO will process checks to be disbursed. A check file is then generated from the Local Government Software System and sent to the Trustee's Office for approval. The Trustee's Office then verifies the availability of funds in each fund and releases the checks for disbursement.

B. Payroll Checks

All payroll checks are issued via Direct Deposit and payroll check stubs can be viewed on My Benefits Channel (www.mybenefitschannel.com)

1. Time Management: Each employee classified as non-certified will create a timesheet for the period of time covered under the designated payroll. That timesheet must reflect the hours work for that time period and be signed for approval by the employee and the appropriate school principal or supervisor. Any employee classified as certified staff is not required to complete a timesheet. Time off will be documented through an Absentee Form.

2. Payroll Verification: Upon notification from the appropriate school principal or supervisor, the Office of the CFO will review for accuracy, completion, and approval. Leave balances and hours worked will be verified as well as proper approval of said document.

3. Payroll Processing: Once the documentation is verified, the Office of the CFO will then process the payroll for disbursement.

4. Check Issuance: Upon completion of the payroll processing, a check file is then generated from the Local Government Software and sent to the Trustee's Office for approval. The Trustee's Office then verifies the availability of funds in each account and releases the checks for disbursement.

C. Other Cash Disbursement Controls

1. Check Stock and Signature Plates: The control of the blank check stock and signature plates lies with the Office of the CFO. Both are secured nightly to protect against unauthorized use.

2. Segregation of Duties: Reconciliation of cash per Trustee's Report to cash in system is undertaken at least once a month by an employee who is independent of the signing and releasing of funds. Also, different employees are responsible for processing payroll, distributing payroll, and reconciling payroll so that no one employee handles a transaction from start to finish.

3. Reports to Departments and Legislative Bodies: Each month, a summary financial report is given to the Lawrence County Board of Education that shows comparisons of expenditures to budgets. In addition, a summary financial report is given to the Lawrence County Commission on a quarterly basis that shows comparisons of expenditures to budgets. Detailed reports are available upon request.

Additional Internal Controls

1. Policies and Procedure Manual: The Office of the CFO maintains the LCSS Financial Policies and Procedure Manual. This manual contains all of the policies and procedures specific to local education agency operations. All policies and procedures shall be in strict compliance with federal, state, and local laws.
2. Uniform Accounting System: LCSS adheres to the Tennessee Comptroller of the Treasury’s most recent County Uniform Chart of Accounts. A complete self-balancing account group shall be created and maintained for each fund established in the district.
3. Records Management: The following records are maintained in the Office of the CFO:
 - a. Copies of the budget and any supplemental appropriations and/or amendments.
 - b. Personnel files with supporting documents for payroll and benefits.
 - c. Summaries of action taken on competitive bids.
 - d. Copies of contracts entered into by the district.
4. GASB Compliance Records: All accounting procedures relative to GASB compliance shall be maintained as public record. All policies, thresholds, schedules, and other related documents relative to GASB compliance shall be part of the record system of the district.

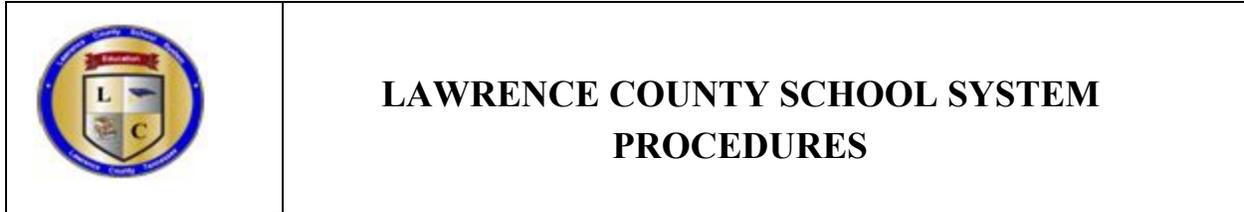
Cross References

Legal References

LCSS Policy: 2.804 Expenses and Reimbursements

Tennessee Internal School Uniform Accounting Policy Manual,
 Section 5-20
 TCA 49-2-202(d)
 TCA 49-2-2001(c)

Appendix B



Standard Operating Procedure Outline		
Department	Fiscal	
Procedure	Lawrence County School System Travel Procedures	Procedure Date: 02/23/2016
Policy Reference #: 2.804	Issued Date: 01/20/2000	
Operational Objective(s)		
<ul style="list-style-type: none"> · To meet all accountability guidelines for travel expenses and reimbursements. 		
Procedure		
<p><u>General Provisions</u></p> <p>Travel reimbursement is authorized for the following expenses:</p> <ul style="list-style-type: none"> · Per diem for meals during overnight lodging. · Actual cost for lodging expenses. · Mileage for use of employees personally owned vehicle. · Actual cost for transportation expenses, including parking and toll fees. · Certain miscellaneous expenses associated with travel. <p><u>Travel status</u> is defined as the duration of time an employee is on authorized/approved travel to a destination where official business will be conducted on behalf of LCSS.</p> <p>Travel status generally begins when an employee departs from their residence or headquarters for travel to the approved destination where official LCSS business is conducted. Travel status</p>		

generally ends when an employee returns to their residence or headquarters from the approved destination where official LCSS business was conducted.

Travel expenses reimbursed to an employee may not exceed the allowable expenses which would be incurred for the approved duration of time an employee is on authorized/approved travel to a destination where official business is conducted on behalf of the LCSS.

Employee Authorization for Official Travel Form

Employees who are required to travel for their job must receive authorization prior to performing the travel.

An authorization for official travel form is required for all overnight/out-of-town travel and is used to obtain advance approval. This form must be completed, approved by the principal/supervisor, and submitted to the appropriate department of the Central

Office/Principal. Brochures, agendas, etc. documenting meeting dates and meals (if any) included in the registration fee must be attached to the original authorization for official travel form submitted for approval.

Central Office Supervisors must approve any authorization for official travel forms when travel expenses are paid from general purpose funds, federal project funds, or food service funds.

Principals must approve all authorization for official travel forms when travel expenses are paid from student activity funds.

Meals Associated with Overnight Travel in Tennessee

Employees traveling overnight will be paid a per diem amount designed to cover the cost of meals (including taxes and tips), based on the number of meals per day for which the employee is eligible. Individual meal per diem amounts, not just the total meal per diem amount, must be reported on the claim for travel expenses form. Receipts are not required. No per diem allowance for meals is allowed for day trips.

Employees traveling overnight are generally eligible for per diem amounts designed to cover the cost of three (3) meals per day for all days on travel status other than the day of departure and the day of return. On the day of departure, no reimbursement is made for breakfast. On the day of return, no reimbursement is made for dinner.

There are also instances in which an employee may not receive per diem for the normally eligible number of meals: If any meals are included as part of conference registration, etc., such meal(s) should not be considered eligible in the calculation of per diem. For example, if conference registration includes breakfast and lunch, the employee will only receive per diem for the dinner meal. Because most conferences, etc., accommodate a variety of dietary needs/restrictions, employees are expected to participate in such meals.

What are the per diem rates?

Eligible Meals	Per Diem Amount
Breakfast	\$ 8.00
Lunch	\$11.00
Dinner	\$20.00

Meals Associated with Overnight Outside of Tennessee

Employees traveling outside of Tennessee may receive meal per diem amounts up to the federal per diem rates. Out-of-state per diem rates follow the appropriate GSA per diem rates.

Out-of-state per diem rates include the cost of meals expenses. The meal rates differ by travel location. View the per diem rate for your primary destination to determine which meal rates apply.

You may locate these rates via the Internet at <http://www.gsa.gov/portal/content/104877>.

Employees needing assistance may contact the Business Office to determine the meals expense limits for their destination. Meal expenses associated with travel outside of Tennessee should be documented and approved prior to the trip.

Prepayment of Lodging Expense

When lodging is paid directly by the District with appropriate governmental funds, through prepayment, the hotel/motel should not collect any sales or use taxes associated with lodging expenses. Tennessee Code Annotated exempts Tennessee local government employees, who are traveling within the State on official business, from paying the sales and use tax on lodging if the lodging is paid directly by the District with a District check.

The employee is responsible for arranging the lodging and submitting the authorization for official travel form with all appropriate documentation attached which will indicate dates traveling, name of hotel, hotel address, confirmation number, number of rooms, and room expenses. Upon receipt of this documentation, LCSS Business Office will prepare for payment of the lodging. A check will be mailed to the hotel/motel with a Government Certificate of Exemption attached. The employee

should take a completed Government Certificate of Exemption in order to verify with hotel/motel that no sales or use tax has been applied to the lodging.

Reimbursement of Lodging Expense

After traveling, if employees pay for rooms using their personal credit cards, they can be reimbursed using the claim for travel expenses form. The individual employees' names and room expenses should be reported on the claim for travel expenses form, which will allow the LCSS Business Office to allocate the travel expense to each employee while reimbursing the employee for the total paid, less any state sales taxes. The original lodging receipt should be attached to the claim for travel expenses.

Travel by Employee's Personal Vehicle

When an employee uses a personal vehicle to travel for official district business, he/she may request reimbursement by submitting a claim for travel expenses form. An employee who uses a district or rental vehicle may not request reimbursement for mileage. Costs for fuel and upkeep of personal vehicles may not be claimed. Employees may be reimbursed for parking and toll expenses. While there are no maximum limits for parking, employees are encouraged to utilize low-cost, long-term parking to minimize the cost.

Mileage Reimbursement Rate

The mileage reimbursement rate is set by TN Department of Finance and Administration Standard mileage rates. Mileage rates are changed only upon notification from the TN Department of Finance and Administration Office.

Determination of Business Miles Traveled

Employees may be reimbursed for the mileage incurred from the point of departure to the travel destination. If an employee departs from their primary workplace, mileage is calculated from the primary workplace to the destination point. If an employee departs and/or returns from his/her home residence, then normal commuting miles must be deducted when calculating total business miles traveled. Mileage traveled by employees between their home residence and primary workplace is considered commuting miles. Commuting costs are not reimbursable.

Exception: If travel occurs on a weekend or holiday, outside of the normal work schedule, mileage is calculated from the point of departure with no reduction for normal commuting miles.

Required Documentation of Mileage, Parking and Toll Expense

All requests for reimbursements of mileage, parking and toll charges must be documented on the claim for travel expense form. Employees should obtain itemized receipts for these expenses and submit the receipts with the expense form. If it is not possible to obtain a receipt, then a written explanation should be included on the expense statement.

Employees traveling by personal vehicles and requesting reimbursement must record the mileage on the claim for travel expense form. The employee may use one of the following methods to calculate the mileage for the claim for travel expense form:

1. Actual odometer readings
2. Lawrence County School System Mileage Chart (see Attachment)

Claim for Travel expense forms must be submitted at a minimum at the end of a fiscal quarter (i.e. July-Sept, Oct-Dec. etc).

LCSS Policy 2.804 - Expenses and Reimbursements

http://images.pcmac.org/Uploads/TennesseeSBA/TennesseeSBA/Departments/DocumentsCategories/Documents/2804_52.pdf

LCSS Policy 2.804 – Expenses and Reimbursements			Tennessee <i>Internal School Uniform Accounting Policy Manual</i> , Section 5-20 TCA 49-2-202(d) TCA 49-2-2001(c)		

Lawrence County School System Travel Procedures
Lawrence County School System Mileage Chart

	BOE	DCES	EES	EOC	ISES	LCHS	LES	LHS	LPS	NPS	SES	SHS	SLES
BOE		3	7	1	1	2	7	16	3	6	16	16	16
DCES	3		9	3	4	4	9	18	5	8	19	19	18
EES	7	9		7	6	6	13	22	9	12	11	10	22
EOC	1	3	7		1	2	6	16	2	5	16	16	15
ISES	1	4	6	1		2	7	16	3	5	16	16	16
LCHS	2	4	6	2	2		8	17	4	5	16	16	17
LES	7	9	13	6	7	8		9	5	9	22	22	9
LHS	16	18	22	16	16	17	9		14	19	32	31	.5
LPS	3	5	9	2	3	4	5	14		6	18	18	14
NPS	6	8	12	5	5	5	9	19	6		21	21	18
SES	16	19	11	16	16	16	22	32	18	21		.5	31
SHS	16	19	10	16	16	16	22	31	18	21	.5		31
SLES	16	18	22	15	16	17	9	.5	14	18	31	31	

Round Trip from BOE

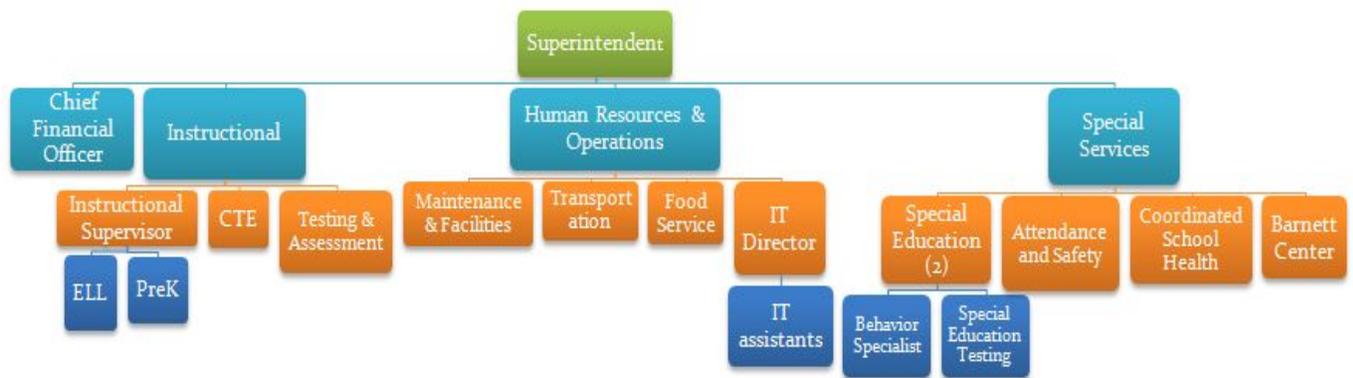
DCES	6		LES	14	
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EES	14		LHS	32	
EOC	2		LPS	6	
ISES	2		NPS	12	
LCHS	4		SES	33	
SHS	32		SLES	32	

Appendix C

Lawrence County School System

Organizational Chart



Revised 4/11/2013

