



Huntington Beach Union High School District Board Policies and Administrative Regulations

AR 3230
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Business & Non-Instructional Operations

Federal Grant Funds

To ensure the lawful expenditure of any federal formula or discretionary grant funds awarded to the district, the Superintendent or designee shall comply with the requirements of the Office of Management and Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (the "Uniform Guidance"), as contained in 2 CFR 200.0-200.521 and Appendices I-XII.

Allowable Costs

Prior to obligating or spending any federal grant funds, the Superintendent or designee shall determine whether a proposed purchase is an allowable expenditure in accordance with 2 CFR 200.400-200.475 and the terms and conditions of the award. They shall also determine whether the expense is a direct or indirect cost as defined in 2 CFR 200.413 and 200.414 and, if the purchase will benefit other programs not included in the grant award, the appropriate share to be allocated to the federal grant. (cf. 3350 - Travel Expenses)

The Superintendent or designee shall review and approve all transactions involving federal grant funds and shall ensure the proper coding of expenditures consistent with the California School Accounting Manual. (cf. 3300 - Expenditures and Purchases), (cf. 3314 - Payment for Goods and Services)

Period of Performance

All obligations of federal funds shall occur on or between the beginning and ending dates of the grant project and shall be paid no later than 120 calendar days after the end of the funding period, unless specifically authorized by the grant award to be carried over beyond the initial term of the grant. (2 CFR 200.77, 200.308, 200.309, 200.344)

Procurement

When procuring goods and services with a federal grant, the Superintendent or designee shall comply with the standards contained in 2 CFR 200.317-200.327 and Appendix II of Part 200, and with any applicable state bidding or procurement law or district policy that is more restrictive.

As appropriate to encourage greater economy and efficiency, the Superintendent or designee shall avoid acquisition of unnecessary or duplicative items, consider consolidating or breaking

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out procurements, analyze lease versus purchase alternatives, consider entering into an interagency agreement for procurement of common or shared goods and services, and/or use federal excess or surplus property. (2 CFR 200.318)

The procurement of goods or services with federal funds shall be conducted in a manner that provides full and open competition in accordance with state laws and district regulations and the following requirements:

1. Any purchase of supplies or services that does not exceed the "micro-purchase" threshold established by the district in accordance with 48 CFR 2.101 may be awarded without soliciting competitive quotes, provided that the district considers the price to be reasonable and maintains written evidence of this reasonableness in the record of all micro-purchases. (2 CFR 200.67, 200.320). The district's established micro-purchase threshold is \$10,000. Reimbursements made for any purchases outside the District's financial system shall have been granted prior approval by appropriate administrative personnel and must follow the guidelines for supplies and services as stated above.
2. For any purchase that exceeds the micro-purchase threshold but is less than the bid limit required by Public Contract Code 20111, the Superintendent or designee shall utilize "small-purchase" procedures that include obtaining price or rate quotes from an adequate number of qualified sources. (2 CFR 200.320)
3. Contracts for goods or services over the bid limits required by Public Contract Code 20111 shall be awarded pursuant to California law and AR 3311 - Bids, unless exempt from bidding under the law. (cf. 3311 - Bids)
4. If a purchase is exempt from bidding and the district's solicitation is by a request for proposals, the award may be made by either a fixed-price or cost-reimbursement type contract awarded to the entity whose proposal is most advantageous to the program, with price and other factors considered. (2 CFR 200.320) (cf. 3312 - Contracts)
5. Procurement by noncompetitive proposals (sole sourcing) may be used only when the item is available exclusively from a single source, the need or emergency will not permit a delay resulting from competitive solicitation, the awarding agency expressly authorizes sole sourcing in response to the district's request, and/or competition is determined inadequate after solicitation of a number of sources. (2 CFR 200.320)
6. Time and materials type contracts may be used only after a determination that no other contract is suitable and if the contract includes a ceiling price that the contractor exceeds at its own risk. Time and materials type contract means a contract for which the cost is the sum of the actual cost of materials and direct labor hours charged at fixed hourly rates that reflect wages, general administrative expenses, and profit. (2 CFR 200.318)

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For any purchase of \$25,000 or more, the Superintendent or designee shall verify that any vendor which is used to procure goods or services is not excluded or disqualified by the federal government. (2 CFR 180.220, 200.214)

All solicitations shall incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description shall not, in competitive procurements, contain features which unduly restrict competition. The description shall avoid detailed product specifications to the extent possible, but may include a statement of the qualitative nature of the material, product, or service to be procured and, when necessary, shall set forth those minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use. When it is impractical or not economical to make a clear and accurate description of the technical requirements, a brand name or equivalent description may be used to define the performance or other salient requirements of procurement, clearly stating the specific features of the named brand which must be met by offers. In addition, every solicitation shall identify all requirements which the offer must fulfill and any other factors to be used in evaluating bids or proposals. (2 CFR 200.319)

The Superintendent or designee shall maintain sufficient records to document the procurement, including, but not limited to, the rationale for the method of procurement, selection of the contract type, contractor selection or rejection, and the basis for the contract price. (2 CFR 200.318)

The Superintendent or designee shall ensure that all contracts for purchases using federal grant funds contain the applicable contract provisions described in Appendix II to Part 200 - Contract Provisions for Non-Federal Entity Contracts Under Federal Awards. (2 CFR 200.327)

Capital Expenditures

The Superintendent or designee shall obtain prior written approval from the awarding agency before using federal funds to make capital expenditures, including the acquisition of land, facilities, equipment, and intellectual property and expenditures to make additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations, or alterations to capital assets that materially increase their value or useful life. (2 CFR 200.13, 200.439)

For the purposes of this federal prior approval requirement, the Office of Management and Budget (OMB) guidance define "equipment" as any item of nonexpendable personal property with a useful life of more than one year and an acquisition cost that equals or exceeds the federal per-item capitalization threshold of \$5,000, or a lower threshold set by state or local-level regulations.

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Conflict of Interest

Governing Board members, district employees, and other district representatives shall not participate in the selection, award, or administration of a contract supported by federal funds if they have a real or apparent conflict of interest, such as when they or a member of their immediate family, their partner, or an organization which employs or is about to employ any of them has a financial interest in or a tangible personal benefit from a firm considered for a contract. Such persons are prohibited from soliciting or accepting gratuities, favors, or anything of monetary value from contractors or subcontractors unless the gift is an unsolicited item of nominal value. Violations of law will be referred to the local, state, or federal authorities having proper jurisdiction. (2 CFR 200.318)

The following requirements are inherently included in District contracts:

No officer, official, employee, agent, representative or volunteer of the District shall have any financial interest, direct or indirect, in the District contract, or participate in any decision relating to the District contract that affects his or her financial interest or the financial interest of any corporation, partnership, association or other entity in which he or she is interested, in violation of any Federal or State statute, law, or District regulation. Contractor shall not employ any such person while the District contract is in effect.

The Contractor represents, warrants and covenants that he, she or it presently has no interest, direct or indirect, which would interfere with or impair in any manner or degree the performance of Contractor's obligations and responsibilities under the District contract. Contractor further agrees that while the District contract is in effect, Contractor shall not acquire or otherwise obtain any interest, direct or indirect, that would interfere with or impair in any manner or degree the performance of Contractor's obligations and responsibilities under the District contract.

Contractor represents and warrants that it has not provided or promised to provide any gift or other consideration, directly or indirectly, to any officer, employee, or agent of District to obtain District's approval of the District contract. Contractor shall not, at any time, have any financial interest in the District contract or the project that is the subject of the District contract other than the compensation to be paid to Contractor as set forth in the contract. In the event the work and/or services to be performed hereunder relate to a project and/or application under consideration by or on file with the District, (i) Contractor shall not possess or maintain any business relationship with the applicant or any other person or entity which Contractor knows to have a personal stake in said project and/or application, (ii) other than performing its work and/or services to District in accordance with the District contract. Contractor shall not advocate either for or against said project and/or application, and (iii) Contractor shall immediately notify District in the event Contractor determines that Contractor has or acquires any such business relationship with the applicant or other person or entity which has a personal stake in said project and/or application. The provisions in this Section shall be applicable to all of Contractor's

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officers, directors, employees, and agents, and shall survive the termination of the District contract.

Employees engaged in the selection, award, and administration of contracts shall also comply with BB 9270 - Conflict of Interest. (cf. 9270 - Conflict of Interest)

Cash Management

The Superintendent or designee shall ensure the district's compliance with 2 CFR 200.305 pertaining to payments and cash management, including compliance with applicable methods and procedures that minimize the time elapsing between the transfer of funds to the district and the district's disbursement of funds. (2 CFR 200.305)

Federal statutes require the California Department of Education (CDE) to implement cash management practices that minimize the time elapsing between the receipt and disbursement of funds by recipients of formula based federal grants awarded by the CDE. The Federal Cash Management Data Collection (CMDC) system was implemented to provide the CDE with necessary data to comply with this requirement.

The Title I, Part A; Title I, Part D, Subpart 2; Title II, Part A; Title III EL; Title III Immigrant; and Title IV, Part A programs under the Elementary and Secondary Education Act of 1965 (ESEA), as amended by the ESSA, will utilize the Federal Cash Management program. School districts, county offices of education, and direct funded charter schools awarded a grant under any of these programs must submit the CMDC report for a particular quarter in order to receive an apportionment for that quarter; CDE will apportion funds to LEAs whose cash balance is below a certain threshold.

Should an LEA fail to submit the CMDC report for a reporting period, the CDE will not apportion funds to the LEA for that period. Also, if the LEA reports an atypical cash balance that appears to be an error, the CDE may contact the LEA for resolution and may not apportion funds to the LEA for that period. The CDE will release funding in the subsequent period if the LEA submits cash balance data that warrants the release.

When authorized by law, the district may receive advance payments of federal grant funds, limited to the minimum amounts needed and timed in accordance with the actual immediate cash requirements of the district for carrying out the purpose of the program or project. Except under specified conditions, the district shall maintain the advance payments in an interest-bearing account.

When required by the awarding agency, the district shall instead submit a request for reimbursement of actual expenses incurred. The district may also request reimbursement as an alternative to receiving advance payments. (2 CFR 200.305)

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The Superintendent or designee shall maintain source documentation supporting the expenditure of federal funds, such as invoices, time sheets, payroll stubs, or other appropriate documentation.

Interest Earned on Federal Funds

Title 2, Code of Federal Regulations, Section 200.305 (2 CFR 200.305) requires grantees and sub-grantees to remit interest earned on advances to the federal agency. Grantees or sub-grantees may retain interest amounts up to \$500 per year for related administrative expenses.

The district should remit to the California Department of Education (CDE) only the interest earned on federal program advances administered by the CDE; interest earned on non-CDE-administered program advances should be calculated separately and remitted to the Federal Treasury via the appropriate state or federal agency. In addition, the cash balances of federal reimbursement programs should be omitted in calculating federal interest due to the Federal Treasury. Refer to the Grant Award Notification (GAN) letter or similar document to determine if funding is a reimbursement or an advance.

Guidance for calculating and remitting interest earned on federal program advances can be found at <http://www.cde.ca.gov/fg/ac/co/intfedfunds-calculating.asp>.

The CDE requires the district to calculate and report interest on a quarterly basis by email to cashmanagement@cde.ca.gov, regardless of whether a payment is due. The categorical program Accounting Technician is responsible for calculating, reporting, and remitting the appropriate documentation to the CDE, with the approval of an appropriate Administrator. The information must specify the reporting period and amount of interest due, or zero, if no interest is due. The following is also to be included:

1. Documentation of the County Treasurer's interest rates utilized in the interest calculations;
2. The district's interest calculations, including the specific resource codes, (OCDE's business platform provides a template for this calculation); and
3. The County-District-School code and the time period(s) of the interest calculation (e.g., January 1, 2021, through March 31, 2021).

The CDE is responsible for ensuring that districts are following federal administrative requirements. Therefore, if the district does not properly calculate, report, and remit interest earned on federal funds, the CDE will be obligated to consider further action, which may include a monitoring review, audit, and/or the withholding of federal program funds.

Personnel

All district employees who are paid in full or in part with federal funds shall document the

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amount of time they spend on grant activities. Employees whose salaries and wages are paid with state or local funds but are used to meet a cost-sharing or matching requirement of the federal grant, shall be documented in the same manner as salaries and wages claimed for reimbursement under a federal grant. Such records shall be incorporated into the official records of the district and shall be subject to a system of internal controls which provides reasonable assurance that the charges are accurate, allowable, and properly allocated in accordance with 2 CFR 200.430. (2 CFR 200.430)

How to Document Federally Funded Salaries and Wages

The cost objective(s) on which an employee works is the main factor in determining whether federal time documentation requirements can be satisfied by a periodic personnel certification or whether the requirements must be met through the more detailed form of a personnel activity report (PAR) or equivalent documentation. Salaries and wages used in meeting cost sharing or matching requirements of federal awards must also be supported by one of these methods.

Periodic (Semiannual) Certification

Employees who work solely on a single federal award or cost objective need only complete a periodic certification. The periodic certification must:

- Be prepared at least semiannually. (Fall and Spring)
- Be signed by the employee or the supervisory official having firsthand knowledge of the work performed by the employee.
- State that the employee worked solely on that single federal program or cost objective during the period covered by the certification.

Personnel Activity Report

Employees who work on multiple activities or cost objectives of which at least one is federal must complete a personnel activity report (PAR) or equivalent documentation. PARs or equivalent documentation must:

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

The district participates in the United State Department of Education's Substitute System for Time Accounting. A substitute system is intended to simplify recordkeeping for LEAs that must substantiate salary and wage charges to federal programs through the use of PARs or equivalent documentation. Unless the LEA uses an approved substitute system, PARs must be prepared at least monthly for employees working on multiple cost objectives whenever federal funds are involved. Under the sampling method substitute system PARs are required from district employees four times a year (two months in the Fall and two months in the Spring).

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Completed PARs reports are submitted to an assigned employee at the District office for internal review to ensure compliance, and maintained for audit purposes.

Additional reference can be found in the California School Accounting Manual (CSAM), 2019 Edition, Procedure 905-Documenting Salaries and Wages, and in Title 2 of the Code of Federal Regulations, Part 200 (the Uniform Guidance), Section 200.430. (2 CFR 200.430)

Records

Except as otherwise provided in 2 CFR 200.334, or where state law or district policy requires a longer retention period, financial records, supporting documents, statistical records, and all other district records related to a federal award shall be retained for a period of three years from the date of submission of the final expenditure report or, for a federal award that is renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report. (2 CFR 200.334) (cf. 1340 - Access to District Records) (cf. 3580 - District Records)

Audits

Whenever the district expends \$750,000 or more in federal grant funds during a fiscal year, it shall arrange for either a single audit or a program-specific audit in accordance with 2 CFR 200.507 or 200.514. (2 CFR 200.501)

The Superintendent or designee shall ensure that the audit meets the requirements specified in 2 CFR 200.500-200.521.

Specified records pertaining to the audit of federal funds expended by the district shall be transmitted to the clearinghouse designated by the federal Office of Management and Budget and shall be made available for public inspection. Such records shall be transmitted within 30 days after receipt of the auditor's report or within nine months after the end of the audit period, whichever is sooner, unless a longer period is agreed to in advance by the federal agency or a different period is specified in a program-specific audit guide. (2 CFR 200.512)

In the event that the audit identifies any deficiency, the Superintendent or designee shall promptly act to either correct the identified deficiency, produce recommended improvements, or demonstrate that the audit finding is invalid or does not warrant action. (2 CFR 200.26, 200.508, 200.511)

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