

## **Carroll County Public Schools Financial Management Plan for Administration of Grants and Contracts**

### **Overview**

Carroll County Public Schools (CCPS) is committed to maintaining a financial management system that provides accurate, current, and full disclosure of all grant accounting and management activities. CCPS's financial management system strives to ensure compliance with laws, regulations, and provisions of awarding agencies. CCPS, as a recipient of grant funds, is responsible for compliance with all applicable Federal and state laws, regulations, and provisions of awarded grants and contracts. To ensure that the school system meets this responsibility, the CCPS Department of Administrative Services staff must remain familiar and comply with directives of the Federal Office of Management and Budget (OMB) and other relevant publications, including:

1. **OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Grant Guidance)** -- which provides guidance for the administration, accounting, implementation, and audit of federally-awarded grants, contracts, and cooperative agreements.
2. **The Blue Book** -- which is released by the Government Finance Officers Association, and provides guidance to financial accounting staff who handle fiscal recordkeeping, accounting, and reporting functions for Federally-funded student financial aid programs.
3. **Government Auditing Standards Board (GASB)** -- which provides a range of implementation guides, statements, and technical bulletins to establish and improve standards of state and local governmental accounting and financial reporting that will result in useful information for users of financial reports and guide and educate the public, including issuers, auditors, and users of those financial reports.
4. **OMB Single Audit Compliance Supplement** -- which provides a source of information for auditors to understand the Federal program's objectives, procedures, and compliance requirements relevant to the audit as well as audit objectives and suggested audit procedures for determining compliance with these objectives.
5. **Financial Reporting Manual for Maryland Public Schools** -- which provides a uniform system of budgeting and reporting Maryland public school financial data to assure uniform reporting at both the state and federal levels.
6. **Other Guides and Publications from Professional Organizations** -- such as the American Institute of CPAs Guide for not-for-profit entities, etc.

CCPS receives grant awards from several agencies including Federal, state, and local governments as well as public/private foundations and associations. Categories of funding support include:

**Grant:** A financial assistance award given to the organization to carry out a programmatic purpose.

**Contract:** A mutually-binding legal agreement where the organization agrees to provide supplies or services and the funding source agrees to pay for them.

**Cooperative Agreement:** A legal agreement where the organization implements a program with the direct involvement of the funding source. This type of agreement is a grant-type instrument.

### **Standards for Financial Management System**

In accordance with OMB Uniform Administrative Guidance section 300.302 Financial Management, CCPS maintains a financial management system that provides for the following:

1. CCPS's financial management system, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal/Non-Federal award, is sufficient to permit the preparation of reports required by general and program-specific terms and conditions, and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the award, including those in the Uniform Grant Guidance.
2. CCPS's financial management system provides appropriate record management, including retention of records (see CCPS Record Retention Policy and Board of Education of Carroll County Data/Records Retention Policy [EHB]), as well as honoring requests for transfer of records, methods of collection, transmission and storage of information, access to records, and restriction on public access to records (pursuant to Uniform Grant Guidance sections 200.334, 200.335, 200.336, and 200.337, respectively).
3. CCPS's financial management system identifies, in its accounts, all Federal/Non-Federal awards received and expended and the Federal/Non-Federal programs under which they were received. Federal program and Federal award identification includes, as applicable, the Catalog of Federal Domestic Assistance number (CFDA), Federal award identification number (FAIN) and year, name of the Federal agency, and name of the pass-through entity, if any. Accordingly, the CCPS Office of Budget & Grants assigns the following grant revenue account numbers to each individual grant award: 30 = Federal, 20 = State funding, 10 = all other funding sources. CCPS Office of Budget & Grants maintains centralized grant award files and also maintains a centralized grants database.
4. CCPS's financial management system includes an accurate, current, and complete disclosure of the financial results of each Federal award or program that allows for preparation of reports in accordance with the reporting requirements set forth in the Uniform Administrative Guidance 200.327 Financial reporting and 200.328 Monitoring and reporting program performance. CCPS uses and maintains records via the accrual method of accounting.

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5. CCPS maintains records that identify the source and application of funds for Federally-funded activities. These records contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, and income and interest; supported by source documentation.
6. CCPS maintains effective control over, and accountability for, all funds, property, and others assets. Property records are managed via CCPS's Accountability and Fixed Assets Inventory which records the following information: description of property, serial/ID number, source of funding, FAIN, who holds title, acquisition date, cost of property, use and condition, and disposal information. CCPS further safeguards all assets and assures that said assets are used solely for the authorized purposes.
7. CCPS maintains comparison of expenditures with budget amounts for each Federal award (via monthly budget variance reports which are generated and reviewed by the CCPS Office of Budget & Grants and the respective project coordinators).
8. CCPS maintains the following written procedures to implement the requirements of Uniform Guidance section 200.305 Payment:

CCPS has financial management systems that meet the standards for fund control and accountability, accounting for the receipt, obligation, and expenditure of funds. CCPS aims to minimize the time elapsing between the transfer of funds and disbursement by CCPS at all times. CCPS operations are generally based on the reimbursement method, meaning CCPS does not request payment until the funds have been disbursed by CCPS. Further, CCPS is aware that its allowable costs must not be withheld from Federal draw-downs at any time unless conditions or noncompliance issues are present.

When serving as a pass through entity and the reimbursement method is necessary, CCPS makes payment within 30 calendar days after receipt of documented, proper billing.

In the rare event that CCPS receives advance payment on a federal award, CCPS will adhere to all requirements in Uniform Guidance section 200.305 including: consolidating payments to cover anticipated cash needs for all Federal awards; and disbursing funds available from program income, if/when available, before requesting cash advance payments. Further, CCPS will use only insured, interest bearing accounts, as warranted and per 200.305, section 8, to house advance payments. CCPS will then remit interest earned on Federal advance payments annually to the Department of Health and Human Services, less up to \$500 annually for CCPS administrative purposes.

9. CCPS maintains the following written procedures for determining the allowability of costs in accordance with Subpart E—Cost Principles of the Uniform Administrative Guidance and terms and conditions of the award (more detail is included in the Determining Allowability of Costs document). CCPS strictly follows the Federal Office of Management and Budget Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal awards Subpart E—Cost Principles when determining the allowability of costs charged to Federal awards. All costs charged to a Federal award must be allowable, allocable, and appropriate/reasonable.

- a. Allowable: Expenses charged to a sponsored award must meet the following allowability criteria: the costs must be reasonable, the costs must be given consistent treatment through application of those generally-accepted accounting principles appropriate to the circumstances, and the costs must conform to any limitations or exclusions set forth in the award/contract and the Cost Principles of the Uniform Grant Guidance.
  - b. Allocable: The cost must be evaluated against the criterion of allocability. That is, the cost incurred must support or advance the work of a specific award. It also means the process of assigning a cost, or a group of costs, to one or more cost objectives, is in reasonable and realistic proportion to the benefit provided or other equitable relationship.
  - c. Reasonable: The cost must be able to withstand public scrutiny, i.e., objective individuals not affiliated with the institution would agree that a cost is appropriate on a sponsored award or as a component in its cost proposal.
10. CCPS maintains a robust system of internal controls consisting of policies, procedures, and internal systems. CCPS policies, procedures, and internal systems work together, providing a series of controls, checks, and balances to ensure compliance with Uniform Guidance section 200.303 Internal controls by:
- a. Managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of award.
  - b. Complying with Federal statutes, regulations, and terms and conditions of award.
  - c. Evaluating and monitoring CCPS's compliance with statutes, regulations, and terms and conditions of award.
  - d. Taking prompt action when instances of noncompliance are identified.
  - e. Taking reasonable measures to safeguard protected personally identifiable information and any other information deemed sensitive by the funding source.

### **Preparation and Review of Proposals**

Individual project coordinators are responsible for preparing proposals for projects they intend to pursue, with the option of grantsmanship technical assistance from the Office of Budget & Grants. All proposals and particularly each proposal budget must be reviewed, cleared, and placed on file within the CCPS Office of Budget & Grants prior to submission to the targeted funding agency/source. Finalized proposals must also be reviewed and signed-off prior to submission by the respective internal chain-of-command plus any related staff members, via CCPS's Grant Office Proposal Summary Form and process.

Any funds to be expended at the school level must have an expenditure plan approved by the project coordinator that aligns with the overall grant budget. If awarded, expenditures will be reviewed by the project coordinator.

## **Post-Award Procedures**

Upon notice of award, the Office of Budget & Grants complete the following:

1. Verify the specifications of the award (i.e., compare the terms, time periods, approved budget amounts, and expected expenditures per the award to the original request). A CFDA number and FAIN are noted and recorded on each Federal award.
2. Create new general and subsidiary ledger account numbers. Review the propriety of budgeted account codes established for all receipt and expenditure categories. Communicate activated account numbers and procedures to the project coordinator and financial secretary.
3. Centralize documentation and complete a full file for each grant or contract in Sponsored Programs. The file contains the original proposal, official notice of award, terms and conditions of award, all related correspondence, the signed award acceptance document, and all subsequent financial and programmatic reports to be submitted to the funding sources. Both hard copy and electronic records are maintained in accordance with OMB Uniform Guidance sections 200.335 and policy (see Finance Department Records Retention and Disposal Schedule C1097). The Proposal Summaries are maintained in a separate file.

## **Compensation for Personal Service (Time and Effort Reporting)**

CCPS follows a standard operating procedure to determine, document, and account for time and effort reporting associated with grants, contracts, and cooperative agreements. In conjunction with the Finance Office, Human Resources, and Payroll, the Office of Budget & Grants facilitates the school system's time and effort system. The procedure provides internal controls to ensure compliance with the Uniform Grant Guidance Sections 200.430 Compensation for Personal Services and 200.431 Compensation—Fringe Benefits (see CCPS Time and Effort Reporting). The procedure ensures that compensation for personal services rendered by employees during the period of performance of the award meets the following criteria:

1. Is reasonable for the services rendered
2. Conforms to written policy/procedure and is applied to both Federal and non- Federal activities
3. Is supported by documentation

## **Billing and Financial Reporting**

The CCPS Office of Budget & Grants prepares grant expenditure reports, compares expenditures to the approved budget, and submits monthly grant expenditure reports (including the grant balance remaining) to the awarding agency for each project as required by the terms and conditions of the grant award. The Office works with each project coordinator/financial secretary to ensure that expenditures align with the approved budgets. The following procedures apply to the preparation and submission of billings to agencies under awards made to CCPS:

1. It is the practice of CCPS to request reimbursement after grant expenditures have been incurred, unless an award specifies another method.
2. Each award normally specifies a particular billing cycle, therefore, a schedule is established by CCPS for each grant and contract to ensure that reimbursement is made on a timely basis along with any other reporting that is required in addition to the financial reports.
3. Requests for reimbursement of award expenditures are based on the actual amounts posted to the financial system, not including encumbrances, as the source for all invoice amounts.
4. All financial reports required under each award are prepared and filed on a timely basis. To the extent the year-end audit results in adjustments to amounts previously reported to agencies, revised reports are then prepared and filed in accordance with the terms and conditions of each award.

CCPS maintains separate billing records in addition to the official general ledger accounting records. Billing records are reconciled to the general ledger on a monthly basis.

### **Procurement Under Awards**

Procurement of goods and services under awards received by the school system are subject to purchasing and procurement policies and procedures established by CCPS. In addition, procurements associated with Federal grants, contracts, and awards are subject to supplemental requirements. As such, CCPS abides by the following:

1. CCPS will avoid purchasing duplicative items or those that are not necessary for the performance of the activities required by the award.
2. CCPS will ensure that contractors perform in accordance with the terms, conditions, and specifications of their contract/purchase order.
3. CCPS will maintain written standards of conduct concerning conflicts of interest in purchasing/procurement. (See Board of Education of Carroll County Ethics Policy [BC])
4. Where appropriate, to foster greater economy and efficiency, CCPS will use inter-entity agreements to promote cost-effective use of shared goods and services, use Federal excess and surplus property in lieu of purchasing new equipment -- if applicable, and use value engineering clauses in contracts for construction.
5. CCPS will maintain records sufficient to detail the history of procurement, including rationale for method of procurement, selection of contract type, contractor selection/rejection, and basis for contract price.
6. CCPS policy ensures the five procurement methods (micro-purchase, small purchase, sealed bids, competitive proposals, and sole source) are appropriately used/documentated.
  - a. Micro purchase -- Procurement under \$3,000
  - b. Small purchase -- Procurement \$3,000-\$150,000
  - c. Sealed Bids -- Procurement over \$150,000, generally used for construction contracts (see OMB Uniform Grant Guidance Section, 200.320 (c)).
  - d. Competitive Proposals -- Procurement over \$150,000, generally used when a fixed price or cost-reimbursement type contract is awarded and is accompanied by a request for proposal (RFP) with evaluation methods (see OMB Uniform Administrative Guidance, Section 200.320 (d)).

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- e. Sole Source -- Procurement method used when unique products/supplies are required or in an emergency.
7. CCPS makes procurement files available for inspection upon request of an awarding agency.

### **Property Standards**

CCPS may occasionally purchase capital equipment and/or furnishings under a program funded by a Federal agency. For purposes of Federal award accounting and administration, capital "equipment" shall include all assets with a unit cost equal to or greater than \$5,000 and a useful life of more than one year. All capital equipment will be managed and accounted for according to the terms and conditions of the award and in conjunction with school system policy and procedure.

All purchases of capital "equipment" with Federal funds shall be approved in advance either in writing by or via the approved budget from the Federal awarding agency. In addition, the following policies shall apply regarding capital equipment purchased and charged to Federal awards:

1. Any capital equipment that is owned by the Federal government and given to CCPS for use in a program shall be marked as such.
2. Adequate insurance coverage will be maintained with respect to capital equipment and furniture charged to Federal awards.
3. A physical inventory of all capital equipment purchased with Federal funds shall be performed at least once every two years until the item is fully disposed and record retention obligations are met. The results of the physical inventory shall be reconciled to the accounting records of and Federal reports filed by CCPS.

### **Budget and Program Revisions**

CCPS seeks prior approval from its Federal and non-Federal awarding agencies for any budget revisions or programmatic changes that are outside the approved application, terms and conditions of award, expanded authority, etc., including:

1. Change in the scope or objective of the funded project or program, even if there is no associated budget revision requiring prior written approval.
2. Change in key personnel (project director, principal investigator, etc.) as specified in the grant application and/or notice of award.
3. The absence for more than three months, or a 25 percent reduction in time devoted to the project, by the approved project director or principal investigator.
4. The need for additional Federal funding.
5. The transfer of amounts budgeted for indirect costs to absorb increases in direct costs, or vice versa, if approval is required by the Federal awarding agency.

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6. The inclusion, unless waived by the Federal awarding agency, of costs that require prior approval.
7. The transfer of funds allotted for training allowances (direct payment to trainees) to other categories of expense.
8. Unless stipulated in the application and notice of award, the sub-award, transfer or contracting-out of any work under an award (however, this provision does not apply to purchases of supplies, materials, equipment, or general support services).

### **Closeout of Federal Awards**

CCPS follows the closeout procedures described in Uniform Grant Guidance section 200.343 Closeout and in the terms and conditions of award as specified by the granting agency. CCPS financial records on Federal contracts and grants generally must be closed within 90 days of the stated termination date in the official notice of award. Upon termination, no further expenses or encumbrances should be charged to the project's grant account number. Also, school system staff and all subrecipients shall liquidate all Federal obligations within 90 days of the end of the grant or contract agreement. CCPS shall promptly refund any balances of unobligated cash that the awarding agency paid in advance.

The Office of Budget & Grants will prepare the final fiscal report after consultation with the project coordinator and the appropriate departmental fiscal liaison, to determine that all appropriate expenditures have been charged against the account, including both direct and indirect costs.

When cost sharing is included as part of an award, the project coordinator along with the grants accountant must ensure that the school system has met its cost share requirements. For fixed price agreements, the Office of Budget & Grants will notify the project coordinator that residual funds may be transferred to another restricted account.