

Fiscal Management DAF **ADMINISTRATION OF FEDERAL GRANT FUNDS**

This Policy includes “sub-policies” relating to specific provisions of the Uniform Administrative Requirements for Federal Awards issued by the U.S. Office of Budget and Management. Those requirements, which are commonly known as Uniform Grant Guidance (“UGG”), are found in Title 2 of the Code of Federal Regulations (“CFR”) part 200. The sub-policies include:

DAF-1: ALLOWABILITY

DAF-2: CASH MANAGEMENT AND FUND CONTROL

DAF-3: PROCUREMENT

DAF-4: PROCUREMENT — ADDITIONAL PROVISIONS PERTINENT TO FOOD SERVICE PROGRAM

DAF-5: CONFLICT OF INTEREST AND MANDATORY DISCLOSURES DAF-6: INVENTORY MANAGEMENT - EQUIPMENT AND SUPPLIES PURCHASED WITH FEDERAL FUNDS

DAF-7: TRAVEL REIMBURSEMENT — FEDERAL FUNDS

DAF-8: ACCOUNTABILITY AND CERTIFICATIONS

DAF-9: TIME AND EFFORT REPORTING / OVERSIGHT

DAF-10: GRANT BUDGET AND RECONCILIATION

NOTICE: Notwithstanding any other policy of the school, all funds awarded directly or indirectly through any federal grant or subsidy programs shall be administered in accordance with this policy, and any administrative procedures adopted implementing this policy.

The Board accepts federal funds, which are available, provided that there is a specific need for them and that the matching funds, if required, are available. The Board intends to administer federal grant awards efficiently, effectively and in compliance with all requirements imposed by law, the awarding agency and the New Hampshire Department of Education (NHDOE) or other applicable pass-through entity.

This policy establishes the minimum standards regarding internal controls and grant management to be used by the school in the administration of any funds received by the school through federal grant programs as required by applicable NH and federal laws or regulations, including, without limitation, the UGG.

The Board directs the Executive Director or designee to develop, monitor, and enforce effective administrative procedures and other internal controls over federal awards as necessary in order to provide reasonable assurances that the school is managing the awards in compliance with all requirements for federal grants and awards. Systems and controls must meet all requirements of federal and/or law and regulation and shall be based on best practices.

The Executive Director or designee is directed to assure that all individuals responsible for the administration of a federal grant or award shall be provided sufficient training to carry out their duties in accordance with all applicable requirements for the federal

grant or award and this

Page 1 of 21

policy.

To the extent not covered by this policy, the administrative procedures and internal controls must provide for:

- identification of all federal funds received and expended and their program source;
- accurate, current, and complete disclosure of financial data in accordance with federal requirements;
- records sufficient to track the receipt and use of funds;
- effective control and accountability over assets to assure they are used only for authorized purposes; and
- comparison of expenditures against budget.

I. DAF-1: ALLOWABILITY

The Executive Director or designee is responsible for the efficient and effective administration of grant funds through the application of sound management practices. Such funds shall be administered in a manner consistent with all applicable Federal, State and local laws, the associated agreements/assurances, program objectives and the specific terms and conditions of the grant award.

A. Cost Principles: Consistent with 2 CFR §§200.403–405, and except where otherwise authorized by statute, costs shall meet the following general criteria in order to be allowable under federal awards.

1. Be “necessary” and “reasonable” for proper and efficient performance and administration of the federal award and be allocable thereto under these principles.
 - a. To determine whether a cost is “reasonable”, consideration shall be given to:
 - i. whether a cost is a type generally recognized as ordinary and necessary for the operation of the school or the proper and efficient performance of the federal award;
 - ii. the restraints or requirements imposed by such factors as sound business practices, arm’s length bargaining, Federal, State, local, tribal and other laws and regulations;
 - iii. market prices for comparable goods or services for the geographic area;
 - iv. whether the individuals concerned acted with prudence in the circumstances considering their responsibilities; and
 - v. whether the cost represents any significant deviation from the

established practices or Board policy which may increase the expense. While federal regulations do not provide descriptions of what satisfied the “necessary” element beyond its inclusion in the

Page 2 of 21

reasonableness analysis above, whether a cost is 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 school can demonstrate that the cost addresses an existing need and can prove it.

- b. When determining whether a cost is “necessary”, consideration may be given to whether:
 - i. the cost is needed for the proper and efficient performance of the grant program;
 - ii. the cost is identified in the approved budget or application;
 - iii. there is an educational benefit associated with the cost;
 - iv. the cost aligns with identified needs based on results and findings from a needs assessment; and/or
 - v. the cost addresses program goals and objectives and is based on program data.

All determinations of necessity and reasonableness must also be supported by contemporaneous documentation maintained in the grant file.

- c. 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. Documentation must clearly demonstrate the proportionate benefit to the federal award, consistent with 2CFR §200.405.

- 2. Conform to any limitations or exclusions set forth as cost principles in Part 200 or in the terms and conditions of the federal award.
- 3. Be consistent with the policies and procedures that apply uniformly to both federally financed and other activities of the school.
- 4. Be afforded 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.

5. Be determined in accordance with generally accepted accounting principles.
6. Be representative of actual cost, net of all applicable credits or offsets.

Page 3 of 21

The term “applicable credits” refers to those receipts or reductions 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.

7. Be not included as a match or cost-share, unless the specific federal program authorizes federal costs to be treated as such.
8. Be adequately documented:
 - a. in the case of personal services, the Executive Director or designee shall implement a system for school personnel to account for time and efforts expended on grant funded programs to assure that only permissible personnel expenses are allocated, and consistent with 2 CFR §200.430(i), personnel activity records must accurately reflect the work performed. Records must include grant information, period of performance, employee identification, dated signatures, and a certification of accuracy.
 - b. in the case of other costs, all receipts and other invoice materials shall be retained, along with any documentation identifying the need and purpose for such expenditure if not otherwise clear.

B. Selected Items of Cost: The school shall follow the rules for selected items of cost at 2 C.F.R. Part 200, Subpart E when charging these specific expenditures to a federal grant. When applicable, school staff shall check costs against the selected items of cost requirements to ensure the cost is allowable. In addition, state, school and program-specific rules, including the terms and conditions of the award, may deem a cost as unallowable and school personnel shall follow those rules as well.

C. Cost Compliance: The Executive Director or designee shall require that grant program funds are expended and are accounted for consistent with the requirements of the specific program and as identified in the grant application. Compliance monitoring includes accounting for direct or indirect costs and reporting them as permitted or required by each grant.

D. Determining Whether A Cost is Direct or Indirect:

1. "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.

These costs may include: salaries and fringe benefits of employees working directly on a grant-funded project; purchased services contracted for performance under the grant;

Page 4 of 21

travel of employees working directly on a grant-funded project; materials, supplies, and equipment purchased for use on a specific grant; and infrastructure costs directly attributable to the program (such as long distance telephone calls specific to the program, etc.).

2. "Indirect costs" are those that have been incurred for a common or joint purpose benefitting more than one (1) cost objective, and not readily assignable to the cost objectives specifically benefited, without effort disproportionate to the results achieved.

Costs incurred for the same purpose in like circumstances shall be treated consistently as either direct or indirect costs.

These costs may include: general data processing, human resources, utility costs, maintenance, accounting, etc.

Federal education programs with supplement not supplant provisions must use a restricted indirect cost rate. In a restricted rate, indirect costs are limited to general management costs.

General management costs do not include divisional administration that is limited to one (1) component of the school, the governing body of the school, compensation of the Executive Director or designee and operation of the immediate offices of this officer.

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 the following conditions are met:

- a. Administrative or clerical services are integral to a project or activity.
- b. Individuals involved can be specifically identified with the project or activity.

c. Such costs are explicitly included in the budget or have the prior written approval of the federal awarding agency.

d. The costs are not also recovered as indirect costs.

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

Effort should be given to identify costs as direct costs whenever practical, but allocation of indirect costs may be used where not prohibited and where indirect cost allocation is approved ahead of time by NHDOE or the pass-through entity (Federal funds subject to 2 C.F.R. Part 200 pertaining to determining indirect cost allocation).

Page 5 of 21

E. Timely Obligation of Funds: Obligations are orders placed for property and services, contracts and sub-awards made, and similar transactions during a given period that require payment by the non-federal entity during the same or a future period.

The following are examples of when funds are determined to be “obligated” under applicable regulation of the U.S. Department of Education. When the obligation is for:

1. Acquisition of property — on the date which the school makes a binding written commitment to acquire the property.

2. Personal services by an employee of the school — when the services are performed.

3. Personal services by a contractor who is not an employee of the school — on the date which the school makes a binding written commitment to obtain the services.

4. Public utility services — when the school received the services

5. Travel — when the travel is taken.

6. Rental of property — when the school uses the property.

7. 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.

F. Period of Performance: All obligations must occur on or between the beginning and ending dates of the grant project. This period of time is known as the period of performance. The period of performance is dictated by statute and will be indicated in the Grant Award Notification (“GAN”). 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 performance is twenty-seven (27) months. This maximum period includes a fifteen (15) month period of initial availability, plus a twelve (12) month period of carry over. For direct grants, the period of performance is generally identified in the GAN.

In the case of a state-administered grant, obligations under a grant may not be made until the grant funding period begins or all necessary materials are submitted to the granting agency, whichever is later. In the case of a direct grant, obligations may begin when the grant is substantially approved, unless an agreement exists with NHDOE or the pass-through entity to reimburse for pre-approval expenses.

For both state-administered and direct grants, regardless of the period of availability, the school shall liquidate all obligations incurred under the award not later than forty-five (45) days after the end of the funding period unless an extension is authorized. Any funds not obligated within the period of performance or liquidated within the appropriate time-frame are said to lapse and shall be returned to the awarding agency. Consistently, the school shall closely monitor grant

Page 6 of 21

spending throughout the grant cycle. Consistent with 34 CFR §76.707 (defining when obligations occur) and the Tydings Amendment [20 U.S.C. §1225(b), which extends the availability of many education grant funds for one additional fiscal year], all obligations and liquidation must occur within the prescribed period or funds must be returned to the awarding agency.

II. DAF-2: CASH MANAGEMENT AND FUND CONTROL

Consistent with 2 CFR §200.305 (Payment), the following standards shall govern cash management and fund control for all federal awards. Payment methods must be established in writing that minimize the time elapsed between the drawdown of federal funds and the disbursement of those funds. Standards for funds control and accountability must be met as required by the Uniform Guidance for advance payments and in accordance with the requirements of NHDOE or other applicable pass through entity. In order to provide reasonable assurance that all assets, including Federal, State, and local funds, are safeguarded against waste, loss, unauthorized use, or misappropriation, the Executive Director or designee shall implement internal controls in the area of cash management. Internal controls must include automated accounting records sufficient to prevent duplicate reimbursements or overpayments.

The school's payment methods shall minimize the time elapsing between the transfer of funds from the United States Treasury or the NHDOE (pass-through entity) and disbursement by the school, regardless of whether payment is made by electronic fund transfer, or issuance or redemption of checks, warrants, or payment by other means.

The school shall use forms and procedures required by the NHDOE, grantor agency or other pass through entity to request payment. The school shall request grant fund payments in accordance with the provisions of the grant. Additionally, the school's financial management systems shall meet the standards for fund control and accountability as established by the awarding agency.

The Executive Director or designee is authorized to submit requests for advance payments and reimbursements at least monthly when electronic fund transfers are not used, and as often as deemed appropriate when electronic transfers are used, in accordance with the provisions of the Electronic Fund Transfer Act (15 U.S.C. 1693-1693r).

When the school uses a cash advance payment method, the following standards shall apply:

A. The timing and amount of the advance payment requested will be as close as is administratively feasible to the actual disbursement for direct program or project costs and the proportionate share of any allowable indirect costs.

B. The school shall make timely payment to contractors in accordance with contract provisions.

Page 7 of 21

C. To the extent available, the school shall disburse funds available from program income (including repayments to a revolving fund), rebates, refunds, contract settlements, audit recoveries, and interest earned on such funds before requesting additional cash payments.

D. The school shall account for the receipt, obligation and expenditure of funds.

E. Advance payments shall be deposited and maintained in insured accounts whenever possible.

F. Advance payments will be maintained in interest-bearing accounts unless the following apply:

1. The school receives less than \$120,000 in federal awards per year.

2. The best reasonably available interest-bearing account would not be expected to earn interest in excess of \$500 per year on federal cash balances.

3. The depository would require an average or minimum balance so high that it would not be feasible within the expected federal and non-federal cash resources.

4. A foreign government or banking system prohibits or precludes interest-bearing accounts.

G. Pursuant to federal law and regulations, the school may retain interest earned in an amount up to \$500 per year for administrative costs. Any additional interest earned on federal advance payments deposited in interest-bearing accounts must be remitted annually to the Department of Health and Human Services Payment Management System ("PMS") through an electronic medium using either Automated Clearing House ("ACH") network or a Fedwire Funds Service payment. Remittances shall include pertinent information of the payee and nature of payment in the memo area (often referred to as "addenda records" by financial institutions) as that will assist in the timely posting of interest earned on federal funds.

All cash management practices shall comply with 2 CFR §200.305.

III. DAF-3: PROCUREMENT

Consistent with 2 CFR §§200.318–327, the following standards govern procurement with federal funds. All purchases for property and services made using federal funds must be conducted in accordance with all applicable Federal, State and local laws and regulations, the Uniform Guidance, and the school's written policies and procedures.

Procurement of all supplies, materials equipment, and services paid for from federal funds or school matching funds shall be made in accordance with all applicable federal, state, and local statutes and/or regulations, the terms and conditions of the federal grant, school policies, and procedures.

Page 8 of 21

The Executive Director or designee shall maintain a procurement and contract administration system in accordance with the USDOE requirements (2 C.F.R. 200.317-.326) for the administration and management of federal grants and federally-funded programs. The school shall maintain a contract administration system that requires contractors to perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders. Except as otherwise noted, procurement transactions shall also conform to the provisions of the school's documented general Purchasing Policy DJB.

The school avoids situations that unnecessarily restrict competition and avoids acquisition of unnecessary or duplicative items. Individuals or organizations that develop or draft specifications, requirements, statements of work, and/or invitations for bids, requests for proposals, or invitations to negotiate, are excluded from competing for such purchases.

Additionally, consideration shall be given to consolidating or breaking out procurements to obtain a more economical purchase. And, where appropriate, an analysis shall be made to lease versus purchase alternatives, and any 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.

Contracts are awarded only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration is given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources. No contract is awarded to a contractor who is suspended or debarred from eligibility for participation in federal assistance programs or activities.

Purchasing records are sufficiently maintained to detail the history of all procurements and must include at least the rationale for the method of procurement, selection of contract type, and contractor selection or rejection; the basis for the contract price; and verification that the contractor is not suspended or debarred.

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

A. **Competition:** All procurement transactions shall be conducted in a manner that encourages full and open competition and that is in accordance with good administrative practice and sound business judgement. In order to promote objective contractor performance and eliminate unfair competitive advantage, the school shall exclude any contractor that has developed or drafted specifications, requirements, statements of work, or invitations for bids or requests for proposals from competition for such procurements.

Some of the situations considered to be restrictive of competition include, but are not limited to, the following:

Page 9 of 21

1. unreasonable requirements on firms in order for them to qualify to do business;
2. unnecessary experience and excessive bonding requirements;
3. noncompetitive contracts to consultants that are on retainer contracts;
4. organizational conflicts of interest;
5. specification of only a "brand name" product instead of allowing for an "or equal" product to be offered and describing the performance or other relevant requirements of the procurement; and/or
6. any arbitrary action in the procurement process.

Further, the school does not use statutorily or administratively imposed state, local, or tribal geographical preferences in the evaluation of bids or proposals, unless (1) an applicable federal statute expressly mandates or encourages a geographical preference; (2) the school is contracting for architectural and engineering services, in which case 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.

To the extent that the school uses a pre-qualified list of persons, firms or products to acquire goods and services, the pre-qualified list must include enough qualified sources as to ensure maximum open and free competition. The school allows vendors to apply for consideration to be placed on the list as requested.

B. Solicitation Language: The school shall require that all solicitations 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 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 shall 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 shall be met by offers shall be clearly stated; and identify all requirements which the offerors shall fulfill and all other factors to be used in evaluating bids or proposals.

The Board will not approve any expenditure for an unauthorized purchase or

contract. **C. Procurement Methods:** The school shall utilize the following

methods of procurement:Page 10 of 21

1. Micro-purchases: Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed \$10,000. To the extent practicable, the school shall distribute micro-purchase equitably among qualified suppliers. Micro-purchases may be made without soliciting competitive quotations if the Executive Director or designee considers the price to be reasonable. The school shall maintain contemporaneous documentation of price reasonableness (e.g., catalog pricing, comparison to prior purchases, or other objective measure) in the procurement file, consistent with 2 CFR §200.320(a).

2. Small Purchases (Simplified Acquisition): Small purchase procedures provide for relatively simple and informal procurement methods for securing services, supplies, and other property that does not exceed the competitive bid threshold of \$250,000. Price or rate quotations must be obtained from at least two qualified sources and retained in the procurement file, consistent with 2 CFR §200.320(b)

3. Sealed Bids: Sealed, competitive bids shall be obtained when the purchase of, and contract for, single items of supplies, materials, or equipment which amounts to \$250,000 and when the Board determines to build, repair, enlarge, improve, or demolish a school building/facility the cost of which will exceed \$250,000.

a. In order for sealed bidding to be feasible, the following conditions shall be present:

i. a complete, adequate, and realistic specification or purchase description is available;

ii. two (2) or more responsible bidders are willing and able to compete effectively for the business; and

iii. the procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally on the basis of price.

b. When sealed bids are used, the following requirements apply:

i. Bids shall be solicited in accordance with the provisions of state law and Policy DJB. Bids shall be solicited from an adequate number of qualified suppliers, providing sufficient response time prior to the date set for the opening of bids. The invitation to bid shall be publicly advertised.

ii. The invitation for bids will include product/contract specifications and pertinent attachments and shall define the items and/or services required in order for the bidder to properly respond.

iii. All bids will be opened at the time and place prescribed in the invitation for bids; bids will be opened publicly.

Page 11 of 21

iv. A firm fixed price contract award will be made in writing to the lowest responsive and responsible bidder. Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs shall be considered in determining which bid is lowest. Payment discounts may only be used to

determine the low bid when prior experience indicates that such discounts are usually taken.

v. The Board reserves the right to reject any and all bids for sound documented reason.

vi. Bid protests shall be handled pursuant to the process set forth in DAF 3.I.

4. Competitive Proposals: Procurement by competitive proposal, normally conducted with more than one source submitting an offer, is generally used when conditions are not appropriate for the use of sealed bids or in the case of a recognized exception to the sealed bid method.

If this method is used, the following requirements apply:

a. Requests for proposals shall be publicized and identify all evaluation factors and their relative importance. Any response to the publicized requests for proposals shall be considered to the maximum extent practical.

b. Proposals shall be solicited from an adequate number of sources.

c. The school shall use its written method for conducting technical evaluations of the proposals received and for selecting recipients.

d. Contracts shall be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered.

The school 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.

5. Noncompetitive Proposals: Procurement by noncompetitive proposals allows for solicitation of a proposal from only one source and may be used only when one or more of the following circumstances apply:

Page 12 of 21

a. the item is available only for a single source;

- b. the public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
- c. the federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the school; and/or
- d. after solicitation of a number of sources, competition is determined to be inadequate.

In all cases, the school must prepare and retain written justification for the noncompetitive procurement, including the specific regulatory basis under 2 CFR §200.320(c). Approval/denial of the noncompetitive request must be documented in writing.

D. Contracting with Small and Minority Businesses, Women's Business

Enterprises, and Labor Surplus Area Firms: The school must take necessary affirmative steps to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible. Affirmative steps must include:

1. Placing qualified small and minority businesses and women's business enterprises on solicitation lists;
2. Assuring that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources;
3. Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority business, and women's business enterprises;
4. Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority businesses, and women's business enterprises;
5. Using the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce; and
6. Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed in paragraphs (1) through (5) of this section.

E. Contract/Price Analysis: The school shall perform a cost or price analysis in connection with every procurement action in excess of \$250,000 (i.e., the Simplified Acquisition/Small Purchase limit), including contract modifications. [See 2 CFR 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, the school shall come to an independent estimate prior to receiving bids or proposals.

When performing a cost analysis, the school shall negotiate 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.

F. Time and Materials Contracts: Consistent with 2 CFR §200.318(j), the school shall use a time and materials type contract only (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 school 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 efficiently. Therefore, the school sets a ceiling price for each contract that the contractor exceeds at its own risk. Further, the school shall assert a high degree of oversight in order to obtain reasonable assurance that the contractor is using efficient methods and effective cost controls, and otherwise performs in accordance with the terms, conditions, and specifications of their contracts or purchase orders.

G. Suspension and Disbarment: Consistent with 2 CFR §200.214 and 2 CFR Part 180, the school will award contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of the proposed procurement. All purchasing decisions shall be made in the best interests of the school and shall seek to obtain the maximum value for each dollar expended. When making a purchasing decision, the school shall consider such factors as (1) contractor integrity; (2) compliance with public policy; (3) record of past performance; and (4) financial and technical resources.

The Executive Director or designee shall have the authority to suspend or debar a person/corporation, for cause, from consideration or award of further contracts. The school is subject to and shall abide by the non-procurement debarment and suspension regulations implementing Executive Orders 12549 and 12689, 2 CFR Part 180.

Suspension is an action taken by the school that immediately prohibits a person from participating in covered transactions and transactions covered under the Federal

Acquisition Regulation (48 CFR Chapter 1) for a temporary period, pending completion of an agency investigation and any judicial or administrative proceedings that may ensue. A person so excluded is suspended (See 2 CFR Part 180 Subpart G).

Page 14 of 21

Debarment is an action taken by the Executive Director or designee to exclude a person from participating in covered transactions and transactions covered under the Federal Acquisition Regulation (48 CFR Chapter 1). A person so excluded is debarred (See 2 CFR Part 180 Subpart H).

The school shall not subcontract with or award sub-grants to any person or company who is debarred or suspended. For contracts over \$21,000 the school shall confirm that the vendor is not debarred or suspended by either checking the Federal government's System for Award Management ("SAM"), which maintains a list of such debarred or suspended vendors at www.sam.gov (which replaced the former Excluded Parties List System or EPLS); or collecting a certification from the vendor (See 2 CFR Part 180 Subpart C).

Documentation that debarment/suspension was queried must be retained for each covered transaction as part of the documentation required under DAF-3, paragraph J. This documentation should include the date(s) queried and copy(ies) of the SAM result report/screenshot, or a copy of the certification from the vendor. It should be attached to the payment backup and retained for future audit review.

H. Additional Requirements for Procurement Contracts Using Federal Funds:

As required under 2 CFR Part 200, Appendix II, the following provisions apply to procurement contracts using federal funds:

1. For any contract using federal funds under which the contract amount exceeds the upper limit for Simplified Acquisition/Small Purchases (see DAF-3.C.2), the contract must address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and must provide for sanctions and penalties (See 2 CFR 200, Appendix II (A)).
2. For any contract using federal funds under which the contract amount exceeds \$10,000, it must address the school's authority to terminate the contract for cause and for convenience, including the manner by which termination will be effected and the basis for settlement [See 2 CFR 200, Appendix II (B)].
3. For any contract using federal funds under which the contract amount

exceeds \$150,000, the contract must include clauses addressing the Clean Air Act and the Federal Water Pollution Control Act [See 2 CFR 200, Appendix II (G)].

4. For any contract using federal funds under which the contract exceeds \$100,000, the contract must include an anti-lobbying clause, and require bidders to submit Anti-Lobbying Certification as required under 2 CFR 200, Appendix II (J).

5. For each contract using federal funds and for which there is no price competition, and for each federal fund contract in which a cost analysis is performed, the school shall negotiate profit as a separate element of the price. To establish a fair and reasonable

Page 15 of 21

profit, consideration must be 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 the contractor's past performance, and industry profit rates in the surrounding geographical area for similar work [See 2 CFR 200.323 (b)].

I. Bid Protest: Consistent with 2 CFR §200.318(k), the school maintains the following protest procedures to handle and resolve disputes relating to procurements and, in all instances, discloses information regarding the protest to the awarding agency.

A bidder who wishes to file a bid protest shall file such notice and follow procedures prescribed by the Request For Proposals (RFPs) or the individual bid specifications package, for resolution. Bid protests shall be filed in writing with the Executive Director or designee within seventy-two (72) hours of the opening of the bids in protest.

Within five (5) days of receipt of a protest, the Executive Director or designee shall review the protest as submitted and render a decision regarding the merits of the protest and any impact on the acceptance and rejection of bids submitted. Notice of the filing of a bid protest shall be communicated to the Board and shall be so noted in any subsequent recommendation for the acceptance of bids and awarding of contracts.

Failure to file a notice of intent to protest, or failure to file a formal written protest within the time prescribed, shall constitute a waiver of proceedings.

J. Maintenance of Procurement Records: The school shall 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 records regarding disbarment/suspension queries or actions, and all written justifications and approvals required for noncompetitive (sole-source procurements). Such records shall be

retained consistent with Policy EHB and the federal retention requirements in 2 CFR §200.334.

IV. DAF-4: PROCUREMENT — ADDITIONAL PROVISIONS PERTINENT TO FOOD SERVICE PROGRAM

Not applicable- Lionheart does not have a food service program.

V. DAF-5: CONFLICT OF INTEREST AND MANDATORY DISCLOSURE

Consistent with 2 CFR §200.318(c)(1) and 2 CFR §200.113, the school complies with the requirements of state law and the Uniform Guidance for conflicts of interest and mandatory disclosures for all procurements with federal funds. Each employee, board member, or agent of the school system who is engaged in the selection, award or administration of a contract supported by a federal grant or award and who has a potential conflict of interest must disclose that conflict in writing to the Executive

Page 16 of 21

Director or designee, who, in turn, shall disclose in writing any such potential conflict of interest to NHDOE or other applicable pass-through entity in accordance with state law and 2 CFR §200.318(c) (1).

A conflict of interest would arise when the covered individual, any member of his/her immediate family, his/her partner, or an organization, which employs or is about to employ any of those parties has a financial or other interest in or received a tangible personal benefit from a firm considered for a contract. A covered individual who is required to disclose a conflict shall not participate in the selection, award, or administration of a contract supported by a federal grant or award.

Covered individuals will not solicit or accept any gratuities, favors, or items from a contractor or a party to a subcontractor for a federal grant or award. Violations of this rule are subject to disciplinary action.

Consistent with 2 CFR §200.113, the Executive Director or designee shall timely disclose in writing to NHDOE or other applicable pass-through entity, all violations of federal criminal law involving fraud, bribery, or gratuities potentially affecting any federal award. The Executive Director or designee shall fully address any such violations promptly and notify the Board with such information as is appropriate under the circumstances (e.g., taking into account applicable disciplinary processes).

VI. DAF-6: INVENTORY MANAGEMENT - EQUIPMENT AND SUPPLIES PURCHASED WITH FEDERAL FUNDS

Consistent with 2 CFR §200.313 (equipment) and §200.314 (supplies), equipment and supplies acquired (“property” as used in this policy DAF-6) with federal funds will be used, managed, and disposed of in accordance with applicable state and federal requirements.

Property records and inventory systems shall be sufficiently maintained to account for and track equipment that has been acquired with federal funds.

In furtherance thereof, the following minimum standards and controls shall apply to any equipment or pilferable items acquired in whole or in part under a federal award until such property is disposed in accordance with applicable laws, regulations and Board policies:

A. **“Equipment” and “Pilferable Items” Defined:** For purposes of this policy, “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 \$1,000, or the capitalization level established by the school for financial statement purposes. Note: federal regulations set the equipment threshold at \$5,000; the school applies a lower \$1,000 threshold for added accountability.

“Pilferable items” are those items, regardless of cost, which may be easily lost or stolen, such as cell phones, tablets, graphing calculators, projectors, cameras, laptops or other similar technology or classroom equipment easily lost or stolen.

Page 17 of 21

B. **Records:** The school shall maintain records that include a description of the property; a serial number or other identification number; the source of the funding for the property (including the federal award identification number (FAIN)); who holds title; the acquisition date; the cost of the property; the percentage of the federal participation in the project costs for the federal award under which the property was acquired; the location, use, and condition of the property; and any ultimate disposition data, including the date of disposition and sale price of the property.

C. **Inventory:** The school shall conduct a physical inventory of all equipment and pilferable items at least once every two years and reconcile the results with the property records, consistent with 2 CFR §200.313(d)(2).

D. **Control, Maintenance and Disposition:** The Executive Director or designee shall develop administrative procedures relative to property procured in whole or in part with federal funds to:

1. prevent loss, damage, or theft of the property; any loss, damage, or theft must be investigated;
2. to maintain the property and keep it in good condition; and
3. to ensure the highest possible return through proper sales procedures, in those instances where the school is authorized to sell the property.

VII. DAF-7: TRAVEL REIMBURSEMENT — FEDERAL FUNDS

Consistent with 2 CFR §200.475, travel costs charged to a federal award must be necessary, reasonable, and adequately documented. The Board shall reimburse administrative, professional and support employees, and school officials, for travel costs incurred in the course of performing services related to official business as a federal grant recipient.

For purposes of this policy, “travel costs” shall mean the expenses for transportation, lodging, subsistence, and related items incurred by employees and school officials who are in travel status on official business as a federal grant recipient.

School officials and school employees shall comply with applicable Board policies and administrative regulations established for reimbursement of travel and other expenses.

The validity of payments for travel costs for all school employees and school officials shall be determined by the school school accountant.

Travel costs shall be reimbursed on a mileage basis for travel using an employee’s personal vehicle and on an actual cost basis for meals, lodging and other allowable expenses, consistent with those normally allowed in like circumstances in the school’s non-federally funded activities, and in accordance with the school’s travel reimbursement policies and administrative regulations.

Page 18 of 21

Mileage reimbursement shall be at the rate approved by the Board or Board policy for other school travel reimbursements. Actual costs for meals, lodging and other allowable expenses shall be reimbursed only to the extent they are reasonable and do not exceed the per diem limits established by Board policy, or, in the absence of such policy, the federal General Services Administration for federal employees for locale where incurred.

All travel costs must be presented with an itemized, verified statement prior to reimbursement.

In addition, for any costs that are charged directly to the federal award, the school accountant shall maintain sufficient records to justify that:

- A. Participation of the individual is necessary to the federal award.
- B. The costs are reasonable and consistent with Board policy.
- C. All federally funded travel must receive prior written approval from the Executive Director or designee.
- D. Documentation of costs must include receipts and sufficient supporting materials (e.g., agenda, mileage logs, or equivalent justification) to demonstrate that the travel was necessary to carry out the objectives of the federal award.

VIII. DAF-8: ACCOUNTABILITY AND CERTIFICATION

All fiscal transactions must be approved by the Executive Director or designee who shall attest that the expenditure is allowable under the federal program. Consistent with 2 CFR §200.415, each financial report, drawdown request, or other certification submitted to the NHDOE or other pass-through entity must be signed by an official who can legally bind the school and must include the required certification that the information is true, complete, and accurate, and that funds are being used only for the purposes authorized by the federal award.

IX. DAF-9: TIME-EFFORT REPORTING / OVERSIGHT

The Executive Director or designee will establish sufficient oversight of the operations of federally supported activities to assure compliance with applicable federal requirements and to ensure that program objectives established by the awarding agency are being achieved. The school will submit all reports as required by federal or state authorities.

As a recipient of federal funds, the school shall comply with the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Section 200.430 of the Code of Federal Regulations requires certification of effort to document salary expenses charged directly or indirectly against federally-sponsored projects. This process is intended to verify the compensation for employment services, including salaries and wages, is allocable and properly expended, and that any variances from the budget are reconciled. Consistent with 2 CFR §200.430(i),

Page 19 of 21

all time and effort certifications must accurately reflect the work performed, be supported by appropriate records, and be signed and dated by the employee and a supervisor with firsthand knowledge of the work performed.

A. Compensation: Compensation for employment services includes all remuneration, paid currently or accrued, for services of employees rendered during the period of performance under the federal award, including but not necessarily limited to wages and salaries. Compensation for personal services may also include fringe benefits, which are addressed in 2 CFR 200.431 Compensation — fringe benefits. Costs of compensation are allowable to the extent that they satisfy the specific requirements of these regulations, and that the total compensation for individual employees:

1. is reasonable for the services rendered, conforms to the school's established written policy, and is consistently applied to both federal and non-federal activities; and
2. follows an appointment made in accordance with the school's written policies and meets the requirements of federal statute, where applicable.

B. Time and Effort Reports: Time and effort reports shall:

1. be supported by a system of internal controls which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
2. be incorporated into the official records of the school;
3. reasonably reflect the total activity for which the employee is compensated by the school, not exceeding 100% of the compensated activities;
4. encompass both federally assisted and other activities compensated by the school on an integrated basis;
5. comply with the school's established accounting policies and practices;
6. support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one (1) federal award, a federal award and non-federal award, an indirect cost activity and a direct cost activity, two (2) or more indirect activities which are allocated using different allocation bases, or an unallowable activity and a direct or indirect cost activity.
7. Certifications must include dated signatures and an attestation of accuracy from the employee and a supervisor with direct knowledge of the work performed.

The school will also follow any time and effort requirements imposed by NHDOE or other pass-through entity as appropriate to the extent that they are more restrictive than the federal requirements. The school accountant is responsible for the collection and retention of employee

Page 20 of 21

time and effort reports. Individually reported data will be made available only to authorized or as required by law.

X. DAF-10: GRANT BUDGET RECONCILIATION

Budget estimates are not used as support for charges to federal awards. However, the school may use budget estimates for interim accounting purposes. The system used by the school to establish budget estimates produces reasonable approximations of the activity actually performed. Any significant changes in the corresponding work activity are identified by the school and entered into the school's records in a timely manner.

The school's internal controls include a process to review after-the-fact interim charges made to a federal award based on budget estimates and ensure that all necessary adjustments are made so that the final amount charged to the federal award is accurate, allowable, and properly allocated.

Consistent with 2 CFR §200.430(i)(1)(viii), all interim charges to federal awards based on budget estimates must be reviewed after the fact, adjusted as necessary, and supported by documentation demonstrating the final amount charged is accurate, allowable, and properly allocated.

Legal References:

- 2 CFR Part 200 (Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards)
- 2 CFR Part 180 (OMB Guidelines to Agencies on Governmentwide Debarment and Suspension)
- 2 CFR §§200.305, 200.313, 200.317–326, 200.323(b), 200.403–405, 200.415, 200.430, 200.475, 200.112, 200.318(c)(1)
- 34 CFR §76.707 (Obligations of Funds)
- 20 U.S.C. §1225(b) (Tydings Amendment)
- 15 U.S.C. §§1693–1693r (Electronic Fund Transfer Act)
- 48 CFR Chapter 1 (Federal Acquisition Regulation)
- Executive Orders 12549, 12689

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