

1 The [Transylvania County Board of Education \(the “board”\)](#) intends to administer federal grant
2 awards efficiently, effectively, and in compliance with all requirements imposed by law, the
3 awarding agency, and the North Carolina Department of Public Instruction or other applicable
4 pass-through entity.
5

6 **A. FINANCIAL MANAGEMENT SYSTEMS AND INTERNAL CONTROLS**

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8 The finance officer shall be responsible to the superintendent to develop, monitor, and
9 enforce effective financial management systems and other internal controls over federal
10 awards that provide reasonable assurance that the school system is managing the awards
11 in compliance with all requirements for federal grants and awards. Systems and controls
12 must meet all requirements of federal law and regulation, including the *Uniform*
13 *Administrative Requirements, Cost Principles, and Audit Requirements for Federal*
14 *Awards* (“Uniform Guidance”) issued by the U.S. Office of Budget and Management and
15 any applicable state requirements, and shall be based on best practices.
16

17 The financial management and internal controls must provide for (1) identification of all
18 federal funds received and expended and their program source; (2) accurate, current, and
19 complete disclosure of financial data in accordance with federal requirements; (3) records
20 sufficient to track the receipt and use of funds; (4) effective control and accountability
21 over assets to assure they are used only for authorized purposes; and (5) comparison of
22 expenditures against budget. In addition, written procedures must be established for cash
23 management and for determining the allowability of costs, as required by the Uniform
24 Guidance.
25

26 At a minimum, the systems and controls shall address the following areas.
27

28 **1. Allowability**

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30 Costs charged by the school system to a federal grant must be allowed under the
31 individual program and be in accordance with the cost principles established in
32 the Uniform Guidance, including how charges made to the grant for personnel are
33 to be determined. Costs will be charged to a federal grant only when the cost is
34 (1) reasonable and necessary for the program; (2) in compliance with applicable
35 laws, regulations, and grant terms; (3) allocable to the grant; (4) adequately
36 documented; and (5) consistent with school system policies and administrative
37 regulations that apply to both federally-funded and non-federally funded
38 activities. Internal controls shall be sufficient to provide reasonable assurance
39 that charges to federal awards for personnel expenses are accurate, allowable, and
40 properly allocated and documented. Prior written approval for certain cost
41 charges must be obtained as required by the awarding agency in order to avoid
42 subsequent disallowances.
43

44 **2. Cash Management and Fund Control**

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46 Payment methods must be established in writing that minimize the time elapsed
47 between the draw of federal funds and the disbursement of those funds. Standards
48 for funds control and accountability must be met as required by the Uniform
49 Guidance for advance payments.
50

51 **3. Procurement**

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53 All purchases for property and services made using federal funds must be
54 conducted in accordance with all applicable federal, state and local laws and
55 regulations, the Uniform Guidance, and the school system's written policies and
56 procedures. The district shall avoid situations that unnecessarily restrict
57 competition, as defined in 2 C.F.R. 200.319, and shall avoid acquisition of
58 unnecessary or duplicative items. Noncompetitive procurement will be used only
59 in the circumstances allowed by 2 C.F.R. 200.320. Individuals or organizations
60 that develop or draft specifications, requirements, statements of work, and/or
61 invitations for bids, requests for proposals, or invitations to negotiate, must be
62 excluded from competing for such purchases.
63

64 Contracts are to be awarded only to responsible contractors possessing the ability
65 to perform successfully under the terms and conditions of a proposed
66 procurement. Consideration will be given to such matters as contractor integrity,
67 compliance with public policy, record of past performance, and financial and
68 technical resources. No contract shall be awarded to a contractor who is
69 suspended or debarred from eligibility for participation in federal assistance
70 programs or activities.
71

72 Purchasing records must be sufficiently maintained to detail the history of all
73 procurements and must include at least the rationale for the method of
74 procurement, selection of contract type, and contractor selection or rejection; the
75 basis for the contract price; and verification that the contractor is not suspended or
76 debarred.
77

78 The requirements for conflicts of interest established below in subsection A.4 are
79 applicable to all procurements.
80

81 **4. Conflict of Interest**

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83 Each employee, board member, or agent of the school system who is engaged in
84 the selection, award, or administration of a contract supported by a federal grant
85 or award ("covered individual") and who has a potential conflict of interest shall
86 disclose that conflict in writing to the superintendent. The superintendent shall
87 disclose in writing any potential conflict of interest to the federal awarding agency
88 in accordance with 2 C.F.R. 200.112.

89
90 For purposes of this paragraph, a conflict of interest would arise when (1) the
91 covered individual, (2) any member of his or her immediate family, (3) his or her
92 partner, or (4) an organization which employs or is about to employ any of those
93 parties has a financial or other interest in or receives a tangible personal benefit
94 from a firm considered for a contract. A covered individual who is required to
95 disclose a conflict in accordance with this paragraph shall not participate in the
96 selection, award, or administration of a contract supported by a federal grant or
97 award.

98
99 Covered individuals shall not solicit or accept any gratuities, favors, or items from
100 a contractor or a party to a subcontract for a federal grant or award; however,
101 covered individuals may accept (1) a single unsolicited item with a value of \$50
102 or less or (2) multiple unsolicited items from a single contractor or subcontractor
103 having an aggregate monetary value of \$100 or less in a 12-month period.
104 Violations of this rule are subject to disciplinary action.

105 106 **5. Mandatory Disclosures**

107
108 The superintendent shall disclose in writing to the federal awarding agency in a
109 timely manner all violations of federal criminal law involving fraud, bribery, or
110 gratuities potentially affecting any federal award. The superintendent shall fully
111 address any such violations promptly and shall notify the board accordingly. The
112 board may request the superintendent to develop a plan of correction for board
113 approval in appropriate situations as determined by the board.

114 115 **6. Equipment and Supplies Purchased with Federal Funds**

116
117 Equipment and supplies acquired with federal funds will be used, managed, and
118 disposed of in accordance with applicable state and federal requirements.
119 Property records and inventory systems shall be sufficiently maintained to
120 account for and track equipment that has been acquired with federal funds.

121 122 **7. Accountability and Certifications**

123
124 All fiscal transactions must be approved by the finance officer and by the program
125 manager or other person who can attest that the expenditure is allowable and
126 approved under the federal program.

127
128 The finance officer shall submit all required certifications and is authorized to
129 sign them on behalf of the board.

130 131 **8. Monitoring and Reporting Performance**

133 The superintendent shall establish sufficient oversight of the operations of
134 federally supported activities to assure compliance with applicable federal
135 requirements and to ensure that program objectives established by the awarding
136 agency are being achieved. Performance reports, including reports of significant
137 developments that arise between scheduled performance reporting dates, must be
138 submitted as required by federal or state authorities.
139

140 **B. AUDITS AND CORRECTIVE ACTION**

- 141
- 142 1. An annual independent audit will be conducted as provided in policy 8310,
143 Annual Independent Audit. The finance officer will prepare all financial
144 statements, schedules of expenditures, and other documents required for the audit.
145
 - 146 2. At the completion of the audit, the superintendent or designee shall prepare a
147 corrective action plan to address any audit findings. The plan must identify the
148 responsible party and the anticipated completion date for each corrective action to
149 be taken. The superintendent shall present the plan to the board for approval.
150
 - 151 3. Compliance deficiencies discovered internally through administrative supervision
152 must be addressed promptly with the goal of improving processes to encourage
153 future compliance and reduce audit findings.
154

155 **C. TRAINING**

156

157 All individuals responsible for the administration of a federal grant or award shall be
158 provided sufficient training to carry out their duties in accordance with all applicable
159 requirements for the federal grant or award.
160

161 **D. OTHER APPLICABLE BOARD POLICIES**

162

163 Other board policies provide additional controls over the administration of federal grants.
164 These include, but are not necessarily limited to:

- 165
- 166 1. Educational programs policies (policies in the 3000 series)
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 - 168 2. School nutrition services policies (policies in the 6200 series)
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 - 170 3. Purchasing policies (policies in the 6400 series)
 - 171
 - 172 4. Equipment, materials, and supplies policies (policies in the 6500 series)
 - 173
 - 174 5. Personnel policies (policies in the 7000 series)
 - 175
 - 176 6. Fiscal management policies (policies in the 8000 series)

177
178 The board intends to comply with all requirements applicable to the use of federal funds.
179 To the extent that any provision of a board policy is contrary to a federal law, regulation,
180 term, or condition applicable to a federal award, employees must follow the applicable
181 federal requirement.

182
183 **E. REPORTING MISMANAGEMENT OF FEDERAL FUNDS**
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185 Any employee who reasonably believes that federal funds have been misused or that the
186 school system is otherwise in violation of any requirement applicable to the receipt and
187 use of federal funds should report the matter as provided in policy 1760/7280, Prohibition
188 Against Retaliation.

189
190 Legal References: 2. C.F.R. Part 200

191
192 Cross References: Prohibition Against Retaliation (Policy 1760/7280), Fiscal Management
193 Standards (policy 8300)

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195 Other References: *Standards for Internal Control in the Federal Government* (“*The Green*
196 *Book*”) (GAO), available at <http://www.gao.gov/greenbook/overview>; *Internal Control*
197 *Framework* (Committee of Sponsoring Organizations of the Treadway Commission (COSO)),
198 executive summary, available at <http://www.coso.org/ic.htm>; *Compliance Supplement, Part 6,*
199 *Internal Control* (Office of Management and Budget), available at
200 https://www.whitehouse.gov/omb/financial_fin_single_audit

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202 Adopted:
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