

## **Administration of Federal Funds Allocation of Non-Personnel Funds**

### **Purpose**

This policy is to ensure that all expenditures processed against grant funds are consistent with the terms of the grant, and for federal funds, compliant with the applicable federal Uniform Grant Guidance.

### **Delegation of Responsibility**

The Board delegates to the Business Manager and CEO, or designee, the responsibility for ensuring that all expenditures processed against grant funds are consistent with the terms of the grant and, for federal funds, compliant with the applicable federal Uniform Grant Guidance.

### **Guidelines**

All federal grant expenditures must be reasonable, necessary, and allocable.

### **Non-Personnel Cost Principles**

Non-Personnel costs charged to federal funds with “Supplement, Not Supplant” provisions can only be used to provide additional programs and resources beyond what the Charter School would have made available in the absence of the federal funding.

Costs that would have been incurred without federal funding, are not eligible to be charged to federal funds containing “Supplement, Not Supplant” provisions.

Under Uniform Grant Guidance provisions, all federal grant award expenditures must be allocable to the grant program. Federal grant funds must be expended in proportion to the federal program’s benefit. For example, if a computer is purchased with 100% Title 1 funds, the computer must be used solely for Title 1 purposes. Likewise, if a computer is bought with 50% Title 1 funds and 50% non federal funds, the computer must be used at least 50% of the time for Title 1 programs.

In some circumstances, costs related to a single, non-personnel activity may be apportioned across more than one funding source. According to the Education Department’s General Administrative Requirements (EDGAR), a Charter School may use funds under more than one program to support different parts of the same project if:

1. The Charter School complies with the requirements of each program with respect to the part of the project assisted with the funds under that program.
2. The Charter School has an accounting system that permits identification of the costs paid for under each program.

Additionally, the Uniform Grant Guidance provides that costs be allocated among grants proportionate to the benefit received.

### **Invoice Content**

To substantiate that an invoice from a vendor includes allowable items, the invoice must detail the goods and services as described below:

1. Standard Elements – vendor name, address, date of invoice and number

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2. An itemized list of the service performed by date and hours to include a brief description
3. The number of hours or quantity of items provided and the cost (per hour or item cost), and the extended cost for the date (ex: total hours x hourly rate =cost to date)
4. Any other backup material that may be required (ex: employee sign-in and sign-out sheets)

The Business Manager or CEO should review the services to ensure the invoice is consistent with the services/goods received. Once satisfied that the invoice is correct, the Business Manager or designee will input the invoice into the accounting system to be processed for payment.

### **Travel and Meal Request Procedures**

All personnel are required to follow the policies and procedures regarding travel and meal reimbursements, regardless of funding source. For grant funded purchases, when federal laws and rules conflict with Commonwealth of Pennsylvania or Charter School rules, the most restrictive requirements shall apply.

### **Direct costs**

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.

### **Indirect costs**

Costs incurred for a common or joint purpose benefiting more than one (1) cost objective, and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved.

Costs incurred for the same purpose in like circumstances must be treated consistently as either direct or indirect costs. (2 CFR Sec. 200.405, 200.413)

Identification with the federal award rather than the nature of the goods and services involved is the determining factor in distinguishing direct from indirect costs.

Direct and indirect costs shall be determined in accordance with law, regulations, the terms and conditions of the federal award, and the Charter School's negotiated indirect cost rate.

### **Timely Obligation of Funds**

#### **Obligations**

Orders placed for property and services, contracts and subawards made, and similar transactions during a given period that require payment by the Charter School during the same or a future period.

The following table illustrates when funds must be obligated under federal regulations:

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<b>Obligation is for:</b>	<b>Obligation is made:</b>
Acquisition of property	On the date on which the Charter School makes a binding written commitment to acquire the property
Personal services by a Charter School employee	When the services are performed
Personal services by a contractor who is not a Charter School employee	On the date on which the Charter School makes a binding written commitment to obtain the services
Public utility services	When the Charter School receives the services
Travel	When the travel occurs
Rental of property	When the Charter School uses the property
A pre-agreement cost that was properly approved by the Secretary under the cost principles in 2 CFR Part 200, Subpart E - Cost Principles	On the first day of the project period

**34 CFR §75.707; 34 CFR §76.707**

All obligations must occur between the beginning and ending dates of the federal award project, which is known as the period of performance. The period of performance is dictated by law and regulations and will be indicated in the federal award. Specific requirements for carryover funds may be specified in the federal award and must be adhered to by the Charter School. (2 CFR Sec. 200.77, 200.309)

The Charter School will handle obligations and carry over of state-administered and direct grants in accordance with state and federal law and regulations, and the terms and conditions of the federal award. Carryover will be calculated and documented by the Business Manager.

The Charter School may exercise an extension of the period of performance under a direct grant in accordance with law, regulations and the terms and conditions of the federal award when written notice is provided to the federal awarding agency at least ten (10) calendar days prior to the end of the period of performance. (2 CFR Sec. 200.308(d)(2))

The Business Manager will decide when an extension of the period of performance is necessary and will recommend that the CEO approve this process.

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The Business Manager will develop the required written notice, including the reasons for the extension and revised period of performance; the notice will be issued no later than ten (10) calendar days prior to the end of the currently documented period of performance in the federal award.

The Charter School must seek approval from the federal awarding agency for an extension of the period of performance when the extension is not contrary to federal law or regulations, and the following conditions apply:

1. The terms and conditions of the federal award prohibit the extension;
2. The extension requires additional federal funds; or
3. The extension involves any change in the approved objectives or scope of the project.  
(2 CFR Sec. §200.308)

The Business Manager will determine when an extension must be requested for approval by the federal awarding agency, draft the written request and notify the CEO of the requested extension.

### **Management of Property Acquired with Federal Funds**

#### **Contract and Purchasing Administration**

The Charter School maintains internal controls, administrative regulations and procedures to ensure that contractors deliver goods and services in accordance with the terms, conditions and specifications of the designated contract, purchase order or requisition.

#### **Property Classifications**

Property shall be classified as **equipment, supplies, computing devices and capital assets** as defined and specified in accordance with law, regulations and Board policy.

#### **Inventory Control/Management**

All property purchased with federal funds, regardless of cost, will be inventoried as a safeguard.

Inventory will be received by the department or program requesting the item; designated staff will inspect the property, compare it to the applicable purchase order or requisition, and notify the Business Manager so that it is appropriately logged and tagged in the Charter School's property management system.

Items acquired will be physically labeled by source of funding and acquisition date.

Inventory records of equipment and computing devices must be current and available for review and audit, and include the following information:

1. Description of the item, including any manufacturer's model number.
2. Manufacturer's serial number or other identification number.

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3. Identification of funding source.
4. Acquisition date and unit cost.
5. Source of items, such as company name.
6. Percentage of federal funds used in the purchase.
7. Present location, use, condition of item, and date information was reported.
8. Pertinent information on the ultimate transfer, replacement or disposition of the item and sale price of the property.

Inventory will be updated as items are sold, lost or stolen, or cannot be repaired, and new items are purchased.

**Physical Inventory**

Physical inventory of property will be completed by designated Charter School staff in accordance with applicable federal and state law and regulation and Board policy.

The physical inventory of items will be conducted annually, and the results will be reconciled with the inventory records and reported to the federal awarding agency.

**Maintenance**

The Charter School establishes adequate maintenance procedures to ensure that property is maintained in good condition in accordance with law, regulation and Board policy.

**Safeguards**

The Charter School ensures that adequate safeguards are in place to prevent loss, damage or theft of property:

1. Any loss, damage or theft will be reported to the Superintendent, and investigated and fully documented, and may be reported to local law enforcement.
2. If stolen items are not recovered, the Charter School will submit copies of the investigative report and insurance claim to the federal awarding agency.
3. The Charter School may be responsible for replacing or repairing lost, damaged, destroyed or stolen items.
4. Replaced equipment is property of the originally funded program and should be inventoried accordingly.

Charter School property may only be loaned in accordance with Board policy and administrative regulations.

**Disposition of Property Acquired with Federal Funds**

When the Charter School determines that real property, including land, land improvements structures and accessories thereto, acquired under a federal award is no longer needed for the originally authorized purpose, the Charter School must obtain disposition instructions from the federal awarding agency or pass-through entity administering the program, in accordance with applicable law and regulations. (2 CFR Sec. 200.311)

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When the Charter School determines that equipment or supplies acquired under a federal award are no longer needed for the original project or program or for other activities currently or previously supported by a federal awarding agency, the Business Manager will contact the federal awarding agency or pass-through entity administering the program to obtain disposition instructions, based on the fair market value of the equipment or supplies.

Generally, items with a fair market value of \$5,000 or less that are no longer effective may be retained, sold, merged, or transferred to the Charter School. For items with a fair market value greater than \$5,000, the federal awarding agency is entitled to the federal share of the current market value or sales proceeds.

If the Charter School will be replacing the equipment or supplies, the Charter School may use the existing equipment or supplies as a trade-in or sell the property and use the proceeds to offset the cost of the replacement property.

The Business Manager will be responsible for contacting the federal awarding agency and determining the process for disposition of equipment or supplies.

The Charter School may use the following methods in disposing of unnecessary equipment or supplies acquired with federal funds:

1. Public auction and/or online sale – generally conducted by a licensed auctioneer.

The Business Manager will be responsible for maintaining records of obsolete and surplus property disposed of, and will report to the federal awarding agency when required.