## **2.7 Federal Fiscal Compliance Policy**

The governing body (“Board”) of KC International Academy adopts the following policy which shall be effective on the date that the policy is adopted by the Board.

**SECTION 2.7.1. Fiscal Requirements under Title I, Title II, and Title IV of ESSA**

SECTION 2.7.1.1. Supplement not Supplant. KC International Academy shall ensure that federal funds will be used to supplement, not supplant regular non-federal funds.

SECTION 2.7.1.2. Documentation. Documentation shall be maintained, or caused to be maintained, by the Superintendent or designee. The documentation must clearly demonstrate the supplementary nature of federal funds.

**SECTION 2.7.2. Federal Grant Allowable Expenditures.**

Prior to expending funds, the Superintendent or designee shall consult the appropriate OMB Circular (OMNI Circular) or other federal guidance to determine what costs are allowable under the grant awarded. The Superintendent or designee shall ensure that all grant funds are expended in accordance with the requirements in section 2.7.2.1 and the Circular or other applicable federal law or rule.

**SECTION 2.7.2.1 Allowability.**

To be allowable under a federal award, costs must meet the following general criteria and be documented that such criteria are met:

* Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles;
* Conform to any limitations or exclusions set forth in these principles or in the Federal award as to the types or amount of cost items;
* Be consistent with the policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity;
* Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to a Federal award as an indirect cost;
* Be determined in accordance with generally accepted accounting principles (GAAP);
* Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period;
* Be adequately documented; and
* Be net of all applicable credits.

**SECTION 2.7.3. Standards for Documentation of Personnel Expenses (2 C.F.R. § 200.430, OMNI DESE Memo FAS-15-003 Time and Effort under the OMNI Circular, April 2, 2015)**

Time and Effort: Records are required for all employees, including teachers, paraprofessionals, administrators, and other staff that are paid with federal funds to document the time and effort they spend within the program. The portion of the federally paid salary should be reflective of the actual activity, not budgeted, the individual has put forth for that federal program. Time and effort reporting is required when any part of an individual's salary is charged to a federal program or used as match for a federal program.

Semi-Annual Certification: Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications are required to be prepared at least semi-annually.

Monthly Personnel Activity Report (PAR): Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports (PARs). Salaries and wages of employees used in meeting cost sharing or matching requirements of Federal awards must be supported in the same manner as those claimed as allowable costs under Federal awards.

Charges for salaries must be based on records that accurately reflect the work performed. These records must be:

* Supported by a system of internal controls which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
* Incorporated into the official records;
* Reflecting the total activity for which the employee is compensated, not to exceed 100%;
* Encompassing all activities (federal and non-federal);
* Compliant with established accounting policies and practices; and
* Distributed among specific activities or cost objectives.

**SECTION 2.7.4. Charter Schools Program (CSP), ESSA Title IV, Part C**

SECTION 2.7.4.1. Compliance. If KC International Academy receives CSP grants, the Superintendent or designee shall ensure that KC International Academy shall comply and use the federal funds in accordance with all statutes, regulations, and approved applications.

SECTION 2.7.4.2. Fiscal Control. The Superintendent or designee shall directly administer or supervise the administration of any projects funding through CSP funds, and shall use fiscal control and fund accounting procedures that ensure proper disbursement of, and accounting for, federal funds.

SECTION 2.7.4.3. Procurement. When using CSP funds to enter into a contract for equipment or services the Superintendent or designee shall comply with the applicable federal procurement standards.

**SECTION 2.7.5. Use of Federal Grant Funds for Procurement**

SECTION 2.7.5.1. Open and Free Competition. The Superintendent or designee shall ensure that all procurement transactions are conducted in a manner that provides open and free competition. Awards must be made to the bidder/offeror whose bid/offer is responsive to the solicitation and is most advantageous to KC International Academy considering price, quality, and other relevant factors deemed appropriate by the KC International Academy.

SECTION 2.7.5.2. Conflicts of Interest. Pursuant to the Conflict of Interest Board Policy, no employee, officer, or agent of, who has a real or apparent conflict of interest, will participate in the selection, award, or administration of a contract supported by federal funds. Employees, officers, and agents may also not solicit or accept favors, gratuities, or anything of monetary value from contractors or their agents.

**SECTION 2.7.5.3. Solicitation of Bids or Offers**

a. The solicitation of bids or offers must provide a clear and accurate description of the requirements to be fulfilled by the bidder, technical requirements to be performed including the minimum acceptable standards and specific features of brand name or equal descriptions that bidders are required to meet;

b. Positive efforts shall be made to utilize small businesses, minority-owned firms, and women’s business enterprises whenever possible;

c. The type of procurement instruments used (e.g. purchase orders) must be appropriate for the particular procurement;

d. Contracts are made only with responsible contractors who possess the potential ability to perform successfully under the terms and conditions of the proposed procurement;

e. Procurement documents shall be made available, upon request, to appropriate government officials.

SECTION 2.7.5.4. Record Documentation. The Superintendent or designee shall ensure there is a cost or price analysis made and documented with every procurement action as well as appropriate documentation for the basis for contractor selection. The Superintendent or designee shall also ensure the evaluation of the contractor performance and document whether the contractor has met the terms, conditions, and specifications of the contract.

Section 2.7.5.5 All prequalified lists of persons, firms, or products which are used in acquiring goods and services must be reviewed and kept current and shall include enough qualified sources to ensure maximum open and free competition.

Section 2.7.5.6 The school shall utilize the most appropriate procurement method based on the particular procurement. The school utilize one of the following methods or any more restrictive method:

* Micro-purchases. Procurement by micro-purchase is the acquisition of supplies or services which are up to $10,000. This purchase may be awarded without soliciting competitive quotations.
* Small purchase procedures. Small purchase procedures are those simple and informal procurements for securing services, supplies or other property that cost between $10,001 to $249,999. Price and rate quotations must be obtained from at least two qualified sources.
* Sealed bids (formal advertising). Bids are publicly solicited and a firm fixed price contract is awarded. This method is preferred for procuring construction.
* Competitive proposals. The technique of competitive proposals is normally conducted with more than one source submitting an offer and either a fixed price or cost reimbursement type of contract is awarded.
* Noncompetitive proposals. This is the solicitation of a proposal from only one source and may be used only when one or more of the following applies:
	+ The item is available only from a single source;
	+ The public emergency for the requirement will not permit a delay;
	+ The pass-through entity authorizes noncompetitive proposals in response to a written request; and/or
	+ After solicitation of a number of sources, competition is determined inadequate.

**SECTION 2.7.6. Travel Costs.**

Travel costs are the expenses for transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of the non-Federal entity. These costs are reimbursable with appropriate approval and documentation of expenses.  Travel costs charged to Federal awards/funds must meet the requirements of 2 C.F.R. § 200.474.

Section 2.7.6.1 Travel costs may be charged on an actual cost basis, on a per diem or mileage basis in lieu of actual costs incurred, or on a combination of the two, provided the method used is applied to an entire trip and not to selected days of the trip and results in charges consistent with those normally allowed in like circumstances in the school's non-federally-funded activities and in accordance with the school's written travel reimbursement policies.

Section 2.7.6.2 Cost incurred by employees for travel, including costs of lodging, other subsistent, and incidental expenses, must be considered reasonable and otherwise allowable only to the extent such costs do not exceed charges normally allowed by the school as a result of the school's written travel policy.

If these costs are charged to the Federal award, documentation must justify that (1) the Participation of the individual is necessary to the Federal award; and (2) the costs are reasonable and consistent with the school's travel policy. Document may include any or all of the following: an agenda; prior written approval; and/or written justification statement.

Section 2.7.6.3 The school shall not use its grant funds for temporary dependent care costs unless specifically permitted by the authorizing statute, regulation, and Department.

**Section 2.7.7. Compliance with the Cash Management Improvement Act.**

Section 2.7.7. 1. In order to comply with the Cash Management Improvement Act (CMIA) the Department of Elementary and Secondary Education will only make payments to the school for reimbursements. Reimbursements are only for funds "spent"—transactions that are recorded on the school's books and the funds delivered to the recipients.

Section 2.7.7.2. The school may only make requests for payment once an initial budget application for the grants has been approved and must only include actual cumulative expenditures up to the payment request submission date.

Section 2.7.7.3. The school must at least annually submit an accounting of any interest earned on any Federal funds to the federal Department of Health and Human Services through the Department of Elementary and Secondary Education. The school may retain up to $500 of earned interest annually on all combined Federal programs for administrative expenses. The school must document all administrative expenses in order to claim the interest offset. Under this section, the interest calculation is the amount of reimbursement times the annualized Federal interest rate for the fiscal year times the number of business days the funds were held until delivery. The federal interest rates may be found at <http://www.fms.treas.gov/cmia/index.html>.