



# MARLBOROUGH PUBLIC SCHOOLS

## Internal Control Manual for Federal Grants and Food Services

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## **Introduction**

This manual sets forth the policies and procedures used by Marlborough Public Schools to administer federal funds. The manual contains the internal controls and grant management standards used by the District to ensure that all federal funds are lawfully expended. It describes in detail the District's financial management system, including cash management procedures, procurement policies; inventory management protocols; procedures for determining the allowability of expenditures; time and effort reporting; record retention; and sub-recipient monitoring responsibilities. New employees of the District, as well as incumbent employees, are expected to review this manual to gain familiarity and understanding of the District's rules and practices. Prior to July 1, 2020, Marlborough Public Schools will adhere to EDGAR Part 80 standards.

### **I. Financial Management System**

The District maintains a proper financial management system in order to receive both direct and state-administered grants and to expend funds associated with a grant award. Certain fiscal controls and procedures must be in place to ensure that all financial management system requirements are met. Failure to meet a requirement may result in return of funds or termination of the award.

#### **A. Financial Management Standards**

The standards for financial management systems are found at 2 C.F.R. § 200.302. The required standards include:

##### ***Identification***

The District must identify, in its accounts, all federal awards received and expended and the federal programs under which they were received. Federal program and award identification must include, as applicable, the CFDA title and number, federal award identification number and year, name of the federal agency, and, if applicable, name of the pass-through entity.

##### ***Financial Reporting***

Accurate, current, and complete disclosure of the financial results of each federal award or programs must be made in accordance with the financial reporting requirements set forth in the Education Department General Administrative Regulations (EDGAR).

##### ***Accounting Records***

The District must maintain records which adequately identify the source and application of funds provided for federally-assisted activities. These records must contain information pertaining to grant or subgrant awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation.

##### ***Internal Controls***

Effective control and accountability must be maintained for all funds, real and personal property, and other assets. The District must adequately safeguard all such property and must assure that it is used solely for authorized purposes.

“Internal controls” are tools to help program and financial managers achieve results and safeguard the integrity of their program. Internal controls should be designed to provide reasonable assurance that the following objectives are achieved:

- Effectiveness and efficiency of operations;
- Adequate safeguarding of property;
- Assurance property and money is spent in accordance with grant program and to further the selected objectives; and
- Compliance with applicable laws and regulations.

### ***Budget Control***

Actual expenditures or outlays must be compared with budgeted amounts for each federal award.

### ***Cash Management***

The District must maintain written procedures to implement the cash management requirements found in EDGAR.

Please see page 17 for these written cash management procedures.

### ***Allowable Costs***

The District must maintain written procedures for determining allowability of costs in accordance with EDGAR.

Please see page 10 for these written allowability procedures.

## **B. Overview of the Financial Management/Accounting System**

The Marlborough Public School district utilizes Tyler Technologies Munis Financial system. Munis is the primary system for purchasing; human resources and payroll; and budget and accounting. Separate inventory systems exist for information technology, instructional materials, and fixed assets. The director of technology is responsible for the inventory of all hardware and software district-wide. Inventory for instructional materials is the responsibility of the respective director and/or department Head. Grant managers are responsible for the inventory of items purchased with grant funds from the time of purchase through their disposal. Once a grant award notice (GAN) is received by the district, the finance and operations grants manager and individual grant manager meet to review the planned expenditures in light of the approval. The finance and operations grants manager will assign the appropriate account codes. A copy of the grant award notice, and request to establish the account structure, as well as a copy of the grant budget is forwarded to the city auditor. In compliance with 2 C.F.R. 200.302, the district must track the CFDA title and number, federal award identification number and year, name of the federal agency, and, if applicable, name of the pass-through entity. The grant tracking sheet is the method used by the district to meet this requirement. The city auditor establishes the account codes and enters the budget amounts in Munis and then the grant budget are available for use.

All grant expenditures must be within the dates of the grant award (start and end dates). Budgeted amounts in Munis must match the current grant award notice. If an amendment is approved, Munis should be updated within five (5) days of receipt of the GAN.

### C. Budgeting

#### **The Planning Phase: Meetings and Discussions**

*Before Receiving the Grant Award Notice (GAN):* Once a grant opportunity has been identified, the superintendent is notified of the potential grant funds. A memo should be sent to the Superintendent with the following information:

1. Source of funds;
2. Purpose of grant;
3. Benefits and pitfalls of the grant for Marlborough Public Schools;
4. Benefits to the students;
5. Identification of grant manager;
6. Timeline for application and approval;
7. Match requirements, if applicable; and
8. Potential amount and length of funds.

The Superintendent reviews and approve all grant applications. If the superintendent approves the concept of applying for the grant, the grant manager should meet with both the assistant superintendent of teaching and learning and the director of finance and operations. Grant management falls under the responsibilities of the assistant superintendent of teaching and learning. These meetings are designed to review the timeline, curriculum impacts, match requirements, grant reporting requirements, budget development / projections and potential concerns. If the grant would result in additional health insurance costs, a conversation with the city comptroller should occur in advance of the submittal deadline. If the grant could impact other departments, a list of individuals is developed for the grant manager to have a follow-up discussion with. For instance, if an application could result in technology purchases, the director of technology and school libraries would be involved in the planning process.

Grant funds can supplement the Marlborough Public Schools budget but cannot supplant budgeted funds. Therefore, when possible, it is critical that the grant application be developed in conjunction with the Marlborough Public Schools annual budget. Finally, grant managers should make use of existing furniture and equipment rather than purchasing new items with grant funds. The director of finance and operations or the facilities manager are good resources to locate available furniture and equipment for use.

Pension costs and reporting requirements should be discussed when preparing the application. Federally-funded grants are required to set aside an additional 9% of the total salary for Massachusetts Teachers' Retirement System (MTRS) eligible employees. Massachusetts General Laws Chapter 35, Section 32A and Chapter 40, Section 5D require that all federal grants received by local governments be charged for pension costs incurred because of the grant. When

possible, Marlborough Public Schools does not fund MTRS eligible individuals with federal grant funds.

*Reviewing and Approving the Budget:* Before the grant application is completed (preferably 14 days in advance of the grant application deadline), the finance and operations grants manager reviews the items in the budget to ensure allowability. See Section I for a discussion on performing allowability determinations. If the finance and operations grant manager determines that a cost is not allowable, then the grant application is returned to the grant manager noting the items that are ineligible and suggestions for modification. The grant manager, in conjunction with the finance and operations grants manager, will collaboratively revise the grant budget to ensure all items meet the allowability determination.

Once the finance and operations grants manager determines that all budgeted items are allowable and approves the budget, the grant application is forwarded to the superintendent for final approval. A copy of the full grant application is submitted to the finance and operations grants manager once signed by either the superintendent or director of finance and operations. The application is filed in the business office's grant share drive for the appropriate fiscal year.

### **After Receiving the GAN**

After receiving the GAN, the approved budget can be loaded into Munis. If the GAN mirrors the grant submission budget, the GAN amounts are loaded into Munis without additional discussions. If the GAN amounts vary from the submission (whether increased or decreased), the grant manager and the finance and operations grants manager meet to review the differences and implications for the variance. A revised budget is developed based on the GAN and program objectives. The revised amounts, in sync with the GAN, are then loaded into Munis by the City Auditor.

### **Amending the Budget**

The District ensures grant amendments are submitted and approved in advance of the needs. Grant amendments can be made for financial and/or programmatic purposes. The grant manager, assistant superintendent of teaching and learning, director of special education or the director of finance and operations can create a grant amendment. If a grant amendment is financial in nature, the director of finance and operations or the finance and operations grants manager shall review in advance of submission. Grant amendments must be submitted in advance of need; implementation of the amendment (either financial or programmatic) is reliant on the amendment approval date.

### **Budget Control**

The district monitors its financial performance by comparing and analyzing actual results with budgeted results. The finance and operations grants manager runs year-to-date budget reports for all grant funds on a monthly basis. The year-to-date budget reports are used to update the grant managers. The year-to-date budget reports are sent electronically to each grant manager monthly. If significant variances exist, or a trend that may lead to a significant variance is determined by the finance and operations grants manager, the director of finance and operations is notified.

The grant manager and the finance and operations grants manager will determine if an amendment is appropriate.

#### D. Accounting Records

Accounting records are kept in finance and operations share drive. Paid invoices are kept on the city SharePoint site. The city auditor’s office is responsible for the maintenance of all purchase orders and related accounting records in conformance with the Municipal Records Retention Schedule. The web address for the retention schedule is: [http://www.sec.state.ma.us/arc/arcpdf/MA\\_Municipal\\_Records\\_Retention\\_Manual.pdf](http://www.sec.state.ma.us/arc/arcpdf/MA_Municipal_Records_Retention_Manual.pdf).

Relevant definitions in this section include the following:

- An asset is: anything owned by an individual or a business, which has commercial or exchange value. Assets may consist of specific property or claims against others, in contrast to obligations due others.
- A liability is: a loan, expense, or any other form of claim on the assets of an entity that must be paid or otherwise honored by that entity.
- Revenue is: the inflows of assets from selling goods and providing services to customers; including the reduction of liabilities from selling goods and providing services to customers.
- An expense is: the amount of assets or services used during a period.

If an error is found while reviewing the year-to-date Munis report, the individual will notify the finance and operations grants manager who will research the potential error, and if necessary, generate a journal entry with supporting documentation in the form of a reclassification of funds request. The request is then reviewed by the director of finance and operations. Upon approval, the reclassification/journal entry document is forwarded to the city auditor to be finalized. The finance and operations grants manager is responsible for monitoring the approvals of the city auditor. If the document is not processed within two weeks, finance and operations grants manager requests an estimated date of completion from the city auditor.

The chart of accounts for the grant fund organization codes was set up so that an individual could track expenses by fund, fiscal year, award year, and source of funds. Below is an outline detailing the structure of the organization codes for grant funds:

Grant Fund Code	Site (School)	Program	Grade Level
3 Digits	2 Digits	(Grant) 2 Digits	2 (Letters or Digits)

School grant fund:

This two-digit code designates the account as a school grant. Since the school fund for grants is “250,” all grant accounts begin with these numbers.

Site:

The two-digit code designates site associated with the grant. 04=Hildreth, 06=ECC, 15=Jaworek, 10=New Elementary School, 20=Kane,25=Richer, 35=Whitcomb,55=MHS, 80=District Wide



## Program

Two-digit code is used here to designate a number assigned for accounting purposes.

## Grade Level:

The two-digit code designates the grade level the grant program supports.

- 01=Grade 1
- 02=Grade 2
- 03=Grade 3
- There are other codes letters, including DW for district wide

## Object Codes:

The object codes are the same used by the general fund accounts.

## E. Spending Grant Funds

As the recipient of federal funds, Marlborough Public Schools is responsible for administering the grant consistent with the grantor's terms and conditions. Federal funds must be administered in a manner consistent with the cost principles contained in EDGAR and 2 CFR Part 200 the Uniform Administrative Requirements, Cost Principles and Audit Requirements for federal awards. The Director of Finance and Operations is responsible for ensuring compliance with EDGAR and 2 CFR Part 200.

Although each grant may have specific allowable and unallowable costs, Marlborough Public Schools adheres to the federal cost principles when developing and administering the budget. Federal cost principles require costs to be allowable, reasonable, and allocable.

To meet the definition of "allowable," a cost must be:

1. Be necessary and reasonable to carry out the grant;
2. Be consistent with the policies and procedures that apply uniformly to federal and non-federally financed expenses;
3. Not be included as part of a match of federal funds; and
4. Be adequately documented.

To meet the definition of "reasonable," the cost of the good or service does not exceed the amount a prudent person would spend on an item at the time the decision was made to incur the cost. Reasonable is further defined as:

1. Use of sound business practices, adherence to federal, state and local laws and regulations; and the terms and conditions of the Federal award.
2. Use of market prices in the metro west Boston area for comparing the costs of goods and services.

To meet the definition of "allocable," the cost of the goods or services involved are chargeable or assignable to that Federal award or cost objective in accordance with relative benefits received.

Allocable is further defined as:

1. Costs are incurred specifically for the Federal award.

2. Costs can be distributed in proportions that may be approximated using reasonable methods.
3. Costs necessary to the overall operation of the non-Federal entity.

These definitions are copied from the Code of Federal Regulations (CFR).

While developing and reviewing the grant budget, the Finance and Operation Grant Manager should keep in mind the difference between direct costs and indirect costs.

### **Direct and Indirect Costs**

*Determining Whether a Cost is Direct or Indirect:* 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. 2 C.F.R. § 200.413(a). Indirect costs are those that have been incurred for a common or joint purpose benefiting more than one cost objective, and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved. 2 C.F.R. § 200.56. Costs incurred for the same purpose in like circumstances must be treated consistently as either direct or indirect costs. 2 C.F.R. § 200.413(a).

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 of Federal awards. Typical costs charged directly to a Federal award are the compensation of employees who work on that award, their related fringe benefit costs, the costs of materials and other items of expense incurred for the Federal award. 2 C.F.R. § 200.413(b). 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:

- Administrative or clerical services are integral to a project or activity;
- Individuals involved can be specifically identified with the project or activity;
- Such costs are explicitly included in the budget or have the prior written approval of the federal awarding agency; and
- The costs are not also recovered as indirect costs. 2 C.F.R. § 200.413(c).

*Indirect Cost Rate:* The Massachusetts Department of Elementary and Secondary Education (MA DESE) determines an unrestricted and restricted indirect cost rate for every district in the Commonwealth. The rates are determined annually based on information submitted in the End of Year report and are the maximum allowable rate for any fiscal year. Under 34 C.F.R. § 75.561 and 34 C.F.R. § 76.561, a state educational agency may approve an indirect cost rate for longer than one year. According to MA DESE, if a district utilizes an indirect cost figure, it must be equal to or less than the currently approved restricted rate. The decision to recover indirect costs using these established rates is a local option. Marlborough Public Schools does not apply an indirect cost rate to federal grants.

The MA DESE Grants Procedure Manual provides the following information on calculating the indirect cost allowable for a grant. The grant manual, and other important information, can be found at <http://www.doe.mass.edu/grants/procedure/manual.html>. Indirect rates cannot be

applied to capital expenditures or to the indirect cost themselves. The following formula is recommended:

1. Total entitlement;
2. Minus capital expenditures (Line 10); and
3. Divided by one plus the restricted rate.

The resulting amount is the amount that can be used for grant activities. When this amount is subtracted from the total entitlement, the result equals the amount allowed for indirect cost.

If indirect costs are recovered, they shall be returned to the general fund of the city or town in accordance with Massachusetts General Laws, Chapter 44, Section 53.

*Applying the Indirect Cost Rate:* Once the District has an approved indirect cost rate, the percentage is multiplied against the actual direct costs (excluding distorting items such as equipment, contracts in excess of \$25,000, pass-through funds, etc.) incurred under a particular grant to produce the dollar amount of indirect costs allowable to that award. 34 C.F.R § 75.564; 34 C.F.R. § 76.569. Once the District applies the approved rate, the funds that may be claimed for indirect costs have no federal accountability and may be used as if they were non-federal funds. For Direct Grants, reimbursement of indirect costs is subject to the availability of funds and statutory or administrative restrictions. 34 C.F.R. § 75.564.

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

### **Determining Allowability of Costs**

Expenditures must be aligned with approved budgeted items. Any changes or variations from the state-approved budget and grant application need prior approval from the state.

When determining how the district will spend its grant funds, the finance and operations grants manager will review the proposed cost to determine whether it is an allowable use of federal grant funds *before* obligating and spending those funds on the proposed good or service. All costs supported by federal education funds must meet the standards outlined in EDGAR, 2 CFR Part 3474 and 2 CFR Part 200, which are provided in the bulleted list below. The Director of Finance and Operations must consider these factors when making an allowability determination. Additional helpful questions to ask when making allowability determinations are located on page 11 of this policy.

### **Be Necessary and Reasonable for the performance of the federal award.**

District staff must consider these elements when determining the reasonableness of a cost. A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision to incur the cost was made. For example, reasonable means that sound business practices were followed, and purchases were comparable to market prices.

When determining reasonableness of a cost, consideration must be given to:

- ❖ Whether the cost is a type generally recognized as ordinary and necessary

for the operation of the district or the proper and efficient performance of the federal award.

- ❖ The restraints or requirements imposed by factors, such as: sound business practices; arm's-length bargaining; federal, state and other laws and regulations; and terms and conditions of the federal award.
- ❖ Market prices for comparable goods or services for the geographic area.
- ❖ Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the district, its employees, its students, the public at large, and the federal government.
- ❖ Whether the district significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the federal award's cost. 2 C.F.R. §200.404

While 2 C.F.R. §200.404 does not provide specific descriptions of what satisfies the "necessary" element beyond its inclusion in the reasonableness analysis above, 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 district can demonstrate that the cost addresses an existing need, and can prove it. For example, the district may deem a language skills software program necessary for a limited English proficiency program.

When determining whether a cost is necessary, consideration may be given to:

- ❖ Whether the cost is needed for the proper and efficient performance of the grant program.
- ❖ Whether the cost is identified in the approved budget or application.
- ❖ Whether there is an educational benefit associated with the cost.
- ❖ Whether the cost aligns with identified needs based on results and findings from a needs assessment.
- ❖ Whether the cost addresses program goals and objectives and is based on program data.

**Allocable to the federal award.** 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. This means that the federal grant program derived a benefit in proportion to the funds charged to the program. 2 C.F.R. §200.405. For example, if 50% of a teacher's salary is paid with grant funds, then that teacher must spend at least 50% of his or her time on the grant program.

**Consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the District.**

**Conform to any limitations or exclusions set forth as cost principles in Part 200 or in the terms and conditions of the federal award.**

**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.

**Adequately documented.** All expenditures must be properly documented.

**Be determined in accordance with general accepted accounting principles (GAAP), unless provided otherwise in Part 200.**

**Not included as a match or cost-share, unless the specific federal program authorizes federal costs to be treated as such.** Some federal program statutes require the non-federal entity to contribute a certain amount of non-federal resources to be eligible for the federal program.

**Be the net of all applicable credits.** The term “applicable credits” refers to those receipts or reduction 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. 2 C.F.R. §200.406.

Purchases for goods and services paid for with grant funds shall be net of all applicable credits. To avoid the earning of “credits” where the benefits are not reimbursable or credited to the federal grant, personal reimbursements are discouraged for purchases made with federal grant funds. The district will take advantage of all prompt pay discounts. All payments from federal grants shall be processed through the city's accounting system through the invoice payment process.

Part 200's cost guidelines must be considered when federal grant funds are expended. As provided above, federal rules require state- and District-level requirements and policies regarding expenditures to be followed as well. For example, state and/or District policies relating to travel or equipment may be narrower than the federal rules, and the stricter State and/or District policies must be followed. Further, certain types of incentives are allowable under federal law, but are not allowable under State law.

### **Selected Items of Cost**

Part 200 examines the allowability of 55 specific cost items (commonly referred to as Selected Items of Cost) at 2 C.F.R. §§ 200.420-200.475. These cost items are listed in the chart below along with the citation where it is discussed whether the item is allowable. Please do not assume that an item is allowable because it is specifically listed in the regulation as it may be unallowable despite its inclusion in the selected items of cost section. The expenditure may be unallowable for a number of reasons, including: the express language of the regulation states the item is unallowable; the terms and conditions of the grant deem the item unallowable; or State/local restrictions dictate that the item is unallowable. The item may also be unallowable because it does not meet one of the cost principles, such as being reasonable because it is

considered too expensive. If an item is unallowable for any of these reasons, federal funds cannot be used to purchase it.

District personnel responsible for spending federal grant funds and for determining allowability must be familiar with the Part 200 selected items of cost section. The District must follow these rules when charging these specific expenditures to a federal grant. When applicable, District staff must check costs against the selected items of cost requirements to ensure the cost is allowable. In addition, State, District and program-specific rules may deem a cost as unallowable and District personnel must follow those non-federal rules as well.

The selected item of cost addressed in Part 200 includes the following (in alphabetical order):

<b>Item of Cost</b>	<b>Citation of Allowability Rule</b>
Advertising and public relations costs	2 CFR § 200.421
Advisory councils	2 CFR § 200.422
Alcoholic beverages	2 CFR § 200.423
Alumni/ae activities	2 CFR § 200.424
Audit services	2 CFR § 200.425
Bad debts	2 CFR § 200.426
Bonding costs	2 CFR § 200.427
Collection of improper payments	2 CFR § 200.428
Commencement and convocation costs	2 CFR § 200.429
Compensation – personal services	2 CFR § 200.430
Compensation – fringe benefits	2 CFR § 200.431
Conferences	2 CFR § 200.432
Contingency provisions	2 CFR § 200.433
Contributions and donations	2 CFR § 200.434
Defense and prosecution of criminal and civil proceedings, claims, appeals and patent infringements	2 CFR § 200.435
Depreciation	2 CFR § 200.436
Employee health and welfare costs	2 CFR § 200.437

Entertainment costs	2 CFR § 200.438
Equipment and other capital expenditures	2 CFR § 200.439
Exchange rates	2 CFR § 200.440
Fines, penalties, damages and other settlements	2 CFR § 200.441
Fund raising and investment management costs	2 CFR § 200.442
Gains and losses on disposition of depreciable assets	2 CFR § 200.443
General costs of government	2 CFR § 200.444
Goods and services for personal use	2 CFR § 200.445
Idle facilities and idle capacity	2 CFR § 200.446
Insurance and indemnification	2 CFR § 200.447
Intellectual property	2 CFR § 200.448
Interest	2 CFR § 200.449
Lobbying	2 CFR § 200.450
Losses on other awards or contracts	2 CFR § 200.451
Maintenance and repair costs	2 CFR § 200.452
Materials and supplies costs, including costs of computing devices	2 CFR § 200.453
Memberships, subscriptions, and professional activity costs	2 CFR § 200.454
Organization costs	2 CFR § 200.455
Participant support costs	2 CFR § 200.456
Plant and security costs	2 CFR § 200.457
Pre-award costs	2 CFR § 200.458
Professional services costs	2 CFR § 200.459
Proposal costs	2 CFR § 200.460
Publication and printing costs	2 CFR § 200.461
Rearrangement and reconversion costs	2 CFR § 200.462
Recruiting costs	2 CFR § 200.463

Relocation costs of employees	2 CFR § 200.464
Rental costs of real property and equipment	2 CFR § 200.465
Scholarships and student aid costs	2 CFR § 200.466
Selling and marketing costs	2 CFR § 200.467
Specialized service facilities	2 CFR § 200.468
Student activity costs	2 CFR § 200.469
Taxes (including Value Added Tax)	2 CFR § 200.470
Termination costs	2 CFR § 200.471
Training and education costs	2 CFR § 200.472
Transportation costs	2 CFR § 200.473
Travel costs	2 CFR § 200.474
Trustees	2 CFR § 200.475

Likewise, it is possible for the State and/or District to put additional requirements on a specific item of cost. Under such circumstances, the stricter requirements must be met for a cost to be allowable. Accordingly, employees must consult federal, State and District requirements when spending federal funds. Massachusetts procurement laws are more restrictive than the federal guidelines; therefore, all purchases must follow state procurement laws.

In order for a cost to be allowable, the expenditure must also be allowable under the applicable program statute (e.g., Title I of the Elementary and Secondary Education Act (ESEA), or the Carl D. Perkins Career and Technical Education Act (Perkins)), along with accompanying program regulations, non-regulatory guidance and grant award notifications.

The State and/or District rules related to some specific cost items are discussed below:

- Technology purchases (hardware, software and web-based systems) require the prior approval of the Director of Instructional Technology. New purchases must be compatible with current operating, storage and network configurations.
- Furniture (including carpet) purchases require the prior approval of the Facilities Manager. The following fire requirements must be met:

Carpets: must meet Class II interior finish and comply with National Fire Protection Association (NFPA) 253 and meet the state building code regulations (780 CMR 780). Carpets must meet the “pill test” and meet the Department of Commerce (DOC) FF-1 “pill test” as stated in the Code of Federal Regulations 16 CFR, Part 1630. Permanent labels must be affixed to the carpet ensuring compliance with the above stated fire



requirements.

**Furniture:** All furniture purchases must comply with the California Technical Bulletin 133 and regulated by 527 CMR 29 (Board of Fire Protection Regulations). Permanent labels must be affixed to the furniture ensuring compliance with the above stated fire requirements.

**Decorations, Curtains, Draperies, Blinds and Other Window Treatments:** All purchases in this category shall meet the applicable test(s) described in NFPA 701 and regulated by 527 CMR 21 (Board of Fire Protection Regulations).

- Professional development (workshops, conferences and consultants) require prior approval by the assistant superintendent of teaching and learning. All professional development must be in line with the planned district-wide professional development.

District employees must be aware of these State and District rules and ensure they are complying with these requirements.

### **Frequent Types of Costs**

*Travel:* Travel costs are the expenses for transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of a grant recipient. Such 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 selected days of the trip, and results in charges consistent with those normally allowed in like circumstances in the recipient's non-federally funded activities and in accordance with the recipient's written travel reimbursement policies. 2 C.F.R §200.474(a).

Costs incurred by employees and officers for travel, including costs of lodging, other subsistence, and incidental expenses, must be considered reasonable and otherwise allowable only to the extent such costs do not exceed charges normally allowed by the District in its regular operations as the result of its written travel policy. In addition, if these costs are charged directly to the federal award, documentation must be maintained that justifies that (1) participation of the individual is necessary to the federal award; and (2) the costs are reasonable and consistent with the District's established policy. 2 C.F.R §200.474(b).

### **Helpful Questions for Determining Whether a Cost is Allowable**

In addition to the cost principles and standards described above, the Finance and Operations Grants Manager and the grant manager can refer to this section for a useful framework when performing an allowability analysis. In order to determine whether federal funds may be used to purchase a specific cost, it is helpful to ask the following questions:

- Is the proposed cost allowable under the relevant program?
- Is the proposed cost consistent with an approved program plan and budget?
- Is the proposed cost consistent with program specific fiscal rules?
- For example, the district may be required to use federal funds only to supplement the amount of funds available from nonfederal (and possibly other federal) sources.
- Is the proposed cost consistent with EDGAR?
- Is the proposed cost consistent with specific conditions imposed on the grant (if

applicable)?

As a practical matter, the finance and operations grants manager, the assistant superintendent of teaching and learning and the grant manager should also consider whether the proposed cost is consistent with the underlying needs of the program. For example, program funds must benefit the appropriate population of students for which they are allocated. This means that, for instance, funds allocated under Title III of the Elementary and Secondary Education Act (ESEA) governing language instruction programs for limited English proficient (LEP) students must only be spent on LEP students and cannot be used to benefit non-LEP students. Further, under most major elementary and secondary education programs, recipients may use federal funds only to supplement the amount of funds available from nonfederal sources for the education of students participating in the program. The recipients cannot use federal funds to supplant nonfederal funds that would otherwise have been used for the expenditure in question.

Also, funds should be targeted to address areas of weakness, as necessary. To make this determination, the business office should review data when making purchases to ensure that federal funds to meet these areas of concern. This should be a collaborative effort of the director of finance and operations and finance and operations grants manager who review and approve requisitions, as well as purchase orders and tracks grant expenditures.

#### F. Federal Cash Management Policy/Procedures

The District will comply with applicable methods and procedures for payment that minimize the time elapsing between the transfer of funds and disbursement by the District, in accordance with the Cash Management Improvement Act at 31 CFR Part 205. Generally, the District receives payment from the Massachusetts Department of Elementary and Secondary Education, the Massachusetts Department of Public Health, and the Massachusetts Department of Early Education and Care on a reimbursement basis. 2 CFR § 200.305. However, if the District receives an advance in federal grant funds, the District will remit interest earned on the advanced payment quarterly to the federal agency. The District may retain interest amounts up to \$500 per year for administrative expenses. 2 CFR § 200.305(b) (9).

According to guidance from the U.S. Department of Education (ED), when calculating the interest earned on ED grant funds, regardless of the date of obligation, interest is calculated from the date that the federal funds are drawn down from the G5 system until the date on which those funds are disbursed by the LEA.

Interest would not accrue if the LEA uses nonfederal funds to pay the vendor and/or employees prior to the funds being drawn down from the G5 system, commonly known as a reimbursement.

#### **Payment Methods**

*Reimbursements:* The District will initially charge federal grant expenditures to nonfederal funds. The finance and operations grants manager will request reimbursement for actual expenditures incurred under the federal grants on a monthly basis. By the 20th of each month, the finance and operations grants manager will run current year-to-date budget reports for all grants. Once reviewed, the finance and operations grants manager or the director of finance and operations will log into the Massachusetts Department of Elementary and Secondary Education (MA DESE) EdGrants online grants information system EdGrants Link . Attached

to all requests for funds is the current Munis year-to-date budget report that is the supporting documentation for the request. All reimbursements are based on actual disbursements, not on obligations. In addition, cash requests do not include the amounts paid by MA DESE to the Massachusetts Teachers' Retirement Board (MTRB).

The Massachusetts Department of Elementary and Secondary Education (MA DESE) will process reimbursement requests in a timely manner. Consistent with state and federal requirements, the District will maintain source documentation supporting the federal expenditures (invoices, time sheets, payroll stubs, etc.) and will make such documentation available for the MA DESE review upon request. Reimbursements of actual expenditures do not require interest calculations.

*Advances:* To the extent the District receives advance payments of federal grant funds, the District will strive to expend the federal funds on allowable expenditures as expeditiously as possible. Specifically, the District attempts to expend all drawn downs of federal funds within 72 hours of receipt.

The District will hold federal advance payments in interest-bearing accounts, unless an allowable exception applies. The District will begin to calculate interest earned on cash balances once funds are deposited into the District's account.

Interest will be calculated quarterly, based on the sample calculation methodology below listed. Total federal grant cash balances will be calculated on cash balances per grant and applying the District's actual interest rate. The District will remit interest earned (annually) to the appropriate entity. The District may retain up to \$500 of interest earned per year.

#### Sample Calculation Methodology – Federal Interest

Total of all federal daily balances in reporting period (e.g. January 1 – January 31) = \$50,000

##### Step 1: Calculate the Average Daily Balance

1. Divide the total of advances (all federal funds) in reporting period by the number of days in reporting period.
2. Total of all daily balances in the reporting Period = \$50,000.
3. Actual number of days in the reporting period (month) = 31
4. Average daily balance = \$1,612.90

##### Step 2: Calculate the Annual Interest Amount

1. Multiply the average daily balance by the actual interest rate
2. Average daily balance = \$1,621.90
3. Actual interest rate = 1.045%
4. Annual interest amount = \$16.95

##### Step 3: Calculate the Daily Interest Amount

1. Divide interest amount by number of days in year.
2. Annual interest amount = \$16.95
3. Number of days in year = 365
4. Daily interest amount = \$0.0464

Step 4: Calculate the Total Federal Interest Due

1. Multiply the daily interest amount by number of days in reporting period
2. Daily interest amount = \$0.0464
3. Number of days in reporting period = 92
4. Total federal interest due = \$1.18

G. Timely Obligation of Funds

**When Obligations are Made**

Obligations are orders placed for property and services, contracts and subawards made, and similar transactions during a given period that require payment by the non-Federal entity during the same or a future period. 34 C.F.R. § 200.71

The following table illustrates when funds are determined to be obligated under federal regulations:

<b>If the obligation is for:</b>	<b>The obligation is made:</b>
Acquisition of property	On the date which the District makes a binding written commitment to acquire the property
Personal services by an employee of the District	When the services are performed
Personal services by a contractor who is not an employee of the District	On the date which the District makes a binding written commitment to obtain the services
Public utility services	When the District receives the services
Travel	When the travel is taken
Rental of property	When the District 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 C.F.R. § 75.707; 34 C.F.R. § 76.707.

**Period of Performance of Federal Funds**

All obligations must occur on or between the beginning and ending dates of the grant project. 2 C.F.R. § 200.309. This period is known as the period of performance. 2 C.F.R. § 200.77. The period of performance is dictated by statute and will be indicated in the GAN. Further, certain grants have specific requirements for carryover funds that must be adhered to.

*State-Administered Grants:* As a 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 availability is 27 months. Federal education grant funds are typically awarded on July 1 of each year. While the District will always plan to spend all current grant funds within the year the grant was appropriated for, the period of obligation for any grant that is covered by the “Tydings Amendment” is 27 months, extending from July 1 of the fiscal year for which the funds were appropriated through September 30 of the second following fiscal year. This maximum period includes a 15-month period of initial availability, plus a 12-month period for carryover. 34 C.F.R. § 76.709. For example, funds awarded on July 1, 2015 would remain available for obligation through September 30, 2017.

*Direct Grants:* In general, the period of availability for funds authorized under direct grants is identified in the GAN.

For both state-administered and direct grants, regardless of the period of availability, the District must liquidate all obligations incurred under the award not later than 90 days after the end of the funding period unless an extension is authorized. 2 C.F.R. § 200.343(b). Any funds not obligated within the period of availability or liquidated within the appropriate timeframe are said to lapse and must be returned to the awarding agency. 2 C.F.R. § 200.343(d). Consequently, the District closely monitors grant spending throughout the grant cycle.

### **Carryover**

*State-Administered Grants:* As described above, the Tydings Amendment extends the period of availability for applicable state-administered program funds. Essentially, it permits recipients to “carryover” any funds left over at the end of the initial 15-month period into the next year. These leftover funds are typically referred to as carryover funds and continue to be available for obligation for an additional 12 months. 34 C.F.R. § 76.709. Accordingly, the District may have multiple years of grant funds available under the same program at the same time.

When tracking grants with carryover funds for example, if the Special Education I.D.E.A. 240 would be assigned FY15 240 xxxx the Massachusetts Department of Elementary and Secondary Education (MA DESE) with original grant budget numbers. No new organization code would be created FY15 240 xxxx Massachusetts Department of Elementary and Secondary Education (MA DESE) would remain however with budget amounts of the GAN for the carryover of excess funds was approved by MA DESE. The Finance and Operations Grants Manager created and maintains a grant tracking sheet for the carryover grants for the purpose of tracking and reporting expenses.

*Direct Grants:* Grantees receiving direct grants are not covered by the 12-month Tydings period. However, under 2 C.F.R. § 200.308, direct grantees enjoy unique authority to expand the period of availability of federal funds. The District is authorized to extend a direct grant automatically for one 12-month period. Prior approval is not required in these circumstances; however, in order to obtain this extension, the District must provide written notice to the federal awarding agency at least 10 calendar days before the end of the period of performance specified in the award. This one-time extension may not be exercised merely for the purpose of using unobligated balances.

Six months before the grant is set to expire, the finance and operations grants manager and the grant manager shall meet to review closing out the grant. If a surplus is anticipated due to unmet program objectives, the grant manager will notify the awarding authorities project manager and understand the steps, justification and timeline needed to request an extension of the grant. The grant manager will then inform the superintendent, the director of finance and operations and the assistant superintendent of teaching and learning of the following:

1. The grant objectives that were not met and the financial implications;
2. Explanation of why the objectives were not met;
3. Financial and / or personnel impacts on Marlborough Public Schools if an extension is granted;
4. Revised period of performance; and
5. Steps, justification and timeline needed to complete the extension request.

If approved by the superintendent, the grant manager will work with the finance and operations grants manager to complete the steps necessary to seek an extension.

The District will seek prior approval from the federal agency when the extension will not be contrary to federal statute, regulation or grant conditions and:

- The terms and conditions of the Federal award prohibit the extension;
- The extension requires additional Federal funds; or
- The extension involves any change in the approved objectives or scope of the project. 2 C.F.R. § 200.308(d) (2).

#### H. Program Income

##### **Definition**

Program income means gross income earned by a grant recipient that is directly generated by a supported activity or earned as a result of the federal award during the grant's period of performance. 2 C.F.R. § 200.80.

Program income includes, but is not limited to, income from fees for services performed, the use or rental of real or personal property acquired under federal awards, the sale of commodities or items fabricated under a federal award, license fees and royalties on patents and copyrights, and principal and interest on loans made with federal award funds. Interest earned on advances of federal funds is not program income. Except as otherwise provided in federal statutes, regulations, or the terms and conditions of the federal award, program income does not include rebates, credits, discounts, and interest earned on any of them. 2 C.F.R. § 200.80. Additionally, taxes, special assessments, levies, fines, and other such revenues raised by a recipient are not program income unless the revenues are specifically identified in the federal award or federal awarding agency regulations as program income. Finally, proceeds from the sale of real property, equipment, or supplies are not program income. 2 C.F.R. § 200.307.

##### **Use of Program Income**

The default method for the use of program income for the District is the deduction method: 2 C.F.R. § 200.307(e). Under the deduction method, program income is deducted from total allowable costs to determine the net allowable costs. Program income will only be used for

current costs unless the District is otherwise directed by the federal awarding agency or pass-through entity. 2 C.F.R. § 200.307(e) (1). The LEA may also request prior approval from the federal awarding agency to use the addition method. Under the addition method, program income may be added to the Federal award by the Federal agency and the non-Federal entity. The program income must then be used for the purposes and under the conditions of the Federal award. 2 C.F.R. § 200.307(e) (2).

While the deduction method is the default method, the District always refers to the GAN prior to determining the appropriate use of program income.

## **II. Procurement System**

The District maintains the following purchasing procedures.

### **A. Responsibility for Purchasing**

The director of finance and operations is the purchasing agent for the school district and as such, retains the authority to review and approve all purchases. Marlborough Public Schools requires all requests to purchase goods or services be initiated through the Munis financial system. Principals and district office administrators may request access to the Munis system for their employees. The director of finance and operations, working through the city auditor, provides appropriate access (security) to Munis. Training on the Munis financial system is conducted by the finance and operations grants manager or accounts payable office support.

Requisitions are entered by an approved Munis user. Once released, requisitions are routed to appropriate department head or the building principal or both then to the city auditor's office and finally to the director of finance and operations. Any requisition of over \$5000 is routed to the procurement officer at city hall for review prior to final approval by the director of finance and operations. Approved requisitions are processed into purchase orders. Printed purchase orders are processed by the finance and operations grants manager.

On an annual basis, the director of finance and operations and city auditor review the list of authorized Munis users. Additions to and deletions from the list are made as employees are hired and / or terminated by Marlborough Public Schools. All Munis users are set up with budgetary controls in place that prevent a user from processing a requisition in excess of the budgeted amounts.

### **B. Purchase Methods**

The type of purchase procedures required depends on the cost of the item(s) being purchased. In addition to these rules, subrecipients must also follow both state and local procurement rules. State and local procurement rules are often stricter than federal requirements. Accordingly, this section should be revised to account for the appropriate thresholds and purchasing procedures within each threshold amount in accordance with any state and local procurement rules.

#### **Purchases to \$9,999 (Sound Business Practices)**

Procurement of supplies and services under \$10,000 are governed by Massachusetts General

Law, Chapter 30B. The procurement procedure for purchasing supplies and services under \$10,000 require sound business practices. This is defined as ensuring the receipts of favorable prices by periodically soliciting price lists or quotes. No formal advertising is required. The contract is awarded to the vendor offering the best price. Software licenses can only be purchased for one-year at a time. A written contract is not required. A certificate of liability insurance is required for all contracts listing the City of Marlborough as additionally insured. Please contact the Business Office for the insured amounts. A contract cannot exceed three years unless City Council authorizes a longer contract period.

### **Purchases between \$10,000 and \$49,999 (Solicit Quotes)**

Procurement of supplies and services between \$10,000 and \$49,999 are governed by Massachusetts General Law, Chapter 30B. The procurement procedure for purchasing supplies and services between \$10,000 and \$49,999 requires soliciting three written or oral quotes. Marlborough Public Schools recommends a written description / terms be provided to all vendors to ensure an ‘apples to apples’ comparison of prices. No formal advertising is required. The contract is awarded to the responsible and responsive person offering the best price. A responsible vendor is defined as a person who has the capability to perform fully the contract requirements, and the integrity and reliability which assures good faith performance. A responsive bidder is defined as a person who has submitted a bid or proposal which conforms in all respects to the invitation for bids or requests for proposals. A written contract is required. as additionally insured. Please contact the Business Office for the insured amounts. A contract cannot exceed three years unless City Council authorizes a longer contract period.

### **Purchases over \$50,000 (Sealed Bids or Proposals)**

*Sealed Bids (Formal Advertising)*: For purchases over \$50,000, bids are publicly solicited and a firm fixed price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price. If a Request for Proposal is issued, the most advantageous proposal from a responsible and responsive proposer taking into consideration price and no-price proposals. The sealed bid method is the preferred method for procuring construction, if the following conditions apply:

- A complete, adequate, and realistic specification or purchase description is available;
- Two or more responsible bidders are willing and able to compete effectively for the business; and
- 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.

If sealed bids are used, the following requirements apply:

- Bids must be solicited from an adequate number of known suppliers, providing them sufficient response time prior to the date set for opening the bids, for state, local, and tribal governments, the invitation for bids must be publicly advertised;
- The invitation for bids, which will include any specifications and pertinent attachments, must define the items or services in order for the bidder to properly respond;
- All bids will be opened at the time and place prescribed in the invitation for bids, and for local and tribal governments, the bids must be opened publicly;
- A firm fixed price contract award must 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 must be considered in determining which bid is lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of. Any or all bids may be rejected if there is a sound documented reason.

Advertising is required once in a newspaper of general circulation and on the City of Marlborough web site at least two weeks before bids or proposals are due. If \$100,000 or more, advertise once in the *Goods and Service Bulletin* maintained by the Massachusetts Secretary of State's Office.

*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 contract is awarded. It is generally used when conditions are not appropriate for the use of sealed bids. If this method is used, the following requirements apply:

- Requests for proposals must be publicized and identify all evaluation factors and their relative importance. Any response to publicized requests for proposals must be considered to the maximum extent practical;
- Proposals must be solicited from an adequate number of qualified sources; and
- Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered.

The District 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.

Massachusetts General Law, Chapter 30B has additional requirements regarding Requests for Proposals (RFP). The City Procurement Officer may delegate authority to the Director of Finance and Operations, a certified Massachusetts Public Procurement Officer, to conduct procurements. Below are the RFP requirements:

1. The procurement office shall determine in writing that the selection of the most advantageous offer requires comparative judgement of factors in addition to price.
2. Bidders must submit separate price and non-price proposals.
3. Comparative criteria reflect those factors for which Marlborough would be willing to pay more money, and are used to further evaluate the relative merits of all proposals that meet the quality requirements.
4. Quality requirements establish standards of acceptability for the supplies and services you are purchasing.
5. Comparative criteria rating factors include: highly advantageous, advantageous, not advantageous, and unacceptable.

(Information copied from the Massachusetts Inspector General's Office, Chapter 30B training materials).

In addition, all Invitation for Bid (IFB) and Request for Proposal (RFP) require vendors submitting bids to sign and submit a non-collusion and tax compliance forms.

### **Noncompetitive Proposals (Sole Sourcing)**

Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used only when one or more of the following circumstances apply:

- The item is available only from a single source;
- The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
- The federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the District; or
- After solicitation of a number of sources, competition is determined inadequate.

Under M.G.L. Chapter 30B, a sole source procurement of any supply or service under \$50,000 is allowable when a reasonable investigation shows that there is only one practicable source for the required supply or service.

Sole source contracts in excess of \$50,000 are only allowable for the following purchases:

1. Software maintenance, library books, school textbooks and educational materials; and
2. Utilities.

All sole source procurements must include a memo that details the basis for determining that there was only one practicable source for the purchase. The memo should be attached to the purchase order for review by the director of finance and operations. The purchase order will provide the contractor's name, amount of the contract, and a listing of supplies or services procured. The director of finance and operations will ensure each sole source contract is appropriate and properly documented.

### C. Purchase Cards

The Marlborough Public Schools does not have a single credit card with a credit limit that has been issued by the City of Marlborough for District use.

Currently, the district has purchase card with Walmart. Use of the card managed maintained by Accounts Payable Administrative Support. On each outing, each card user is issued guidelines for use of the card:

When use of the credit card is requested, a requisition is entered into Munis with the vendor as the district's credit card company. Once the purchase order is approved, the credit card authorization can be completed. All detailed receipts must be retained and attached to the purchase order when returning the card. When the invoice is received, the purchase order provides the appropriate account code to be charged. Accounts payable administrative support accountant's office and the purchase order is liquidated.

- Cards must be used in connection with a pre-approved purchase order;

- Purchases must be for use by Marlborough Public Schools; personal use will result in the loss of use of the card;
- All orders must be completed during the day the card was borrowed; and
- Prior to the end of the school day, the card must be returned to the business office.

Request for the use is at the discretion of the director of finance and operations in consultation with the city comptroller.

#### D. Full and Open Competition

All procurement transactions must be conducted in a manner providing full and open competition consistent with 2 C.F.R §200.319. In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals must be excluded from competing for such procurements. Some of the situations considered to be restrictive of competition include but are not limited to:

- Placing unreasonable requirements on firms in order for them to qualify to do business;
- Requiring unnecessary experience and excessive bonding;
- Noncompetitive pricing practices between firms or between affiliated companies;
- Noncompetitive contracts to consultants that are on retainer contracts;
- Organizational conflicts of interest;
- Specifying only a “brand name” product instead of allowing “an equal” product to be offered and describing the performance or other relevant requirements of the procurement; and
- Any arbitrary action in the procurement process.

EDGAR further requires the following to ensure adequate competition.

#### **Geographical Preferences Prohibited**

The District must conduct procurements in a manner that prohibits the use of statutorily or administratively imposed state, local, or tribal geographical preferences in the evaluation of bids or proposals, except in those cases where applicable federal statutes expressly mandate or encourage geographic preference. When contracting for architectural and engineering (A/E) services, 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.

#### **Prequalified Lists**

The District must ensure that all prequalified lists of persons, firms, or products which are used in acquiring goods and services are current and include enough qualified sources to ensure maximum open and free competition. Also, the District must not preclude potential bidders from qualifying during the solicitation period.

#### **Solicitation Language**

The District must ensure that all solicitations incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description must 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, must set forth those minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use. Detailed product specifications should be avoided if 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 must be met by offers must be clearly stated; and identify all requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals. 2 C.F.R. § 200.319(c).

#### E. Federal Procurement System Standards

##### **Avoiding Acquisition of Unnecessary or Duplicative Items**

The District must avoid the acquisition of unnecessary or duplicative items. Additionally, consideration is given to consolidating or breaking out procurements to obtain a more economical purchase. And, where appropriate, an analysis must be made of leases versus purchase alternatives, and another 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. Please see page 10 for written procedures on determining allowability.

##### **Use of Intergovernmental Agreements**

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

##### **Use of Federal Excess and Surplus Property**

The District considers the use of federal excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs.

##### **Debarment and Suspension**

The District awards contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources.

The District may not subcontract with or award subgrants to any person or company who is debarred or suspended. For all contracts over \$25,000 the District verifies that the vendor with whom the District intends to do business with is not excluded or disqualified. 2 C.F.R. Part 200, Appendix II (1) and 2 C.F.R. §§ 180.220 and 180.300.

Marlborough Public Schools will utilize two methods to determine if a potential vendor has been suspended or disbarred. Prior to approving a requisition for a contracted service in excess of

\$25,000 funded by a Federal grant, the finance and operations grant manager will check Sam.gov and will require the vendor to sign an affidavit. A copy of the affidavit is attached in Appendix C.

### **Maintenance of Procurement Records**

The District must 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 verification that the contractor is not suspended or debarred.

Please see page 41 for more information on the District's record policies.

### **Time and Materials Contracts**

The District may 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 mean a contract whose cost to the District 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 efficiency. Therefore, each contract must set a ceiling price that the contractor exceeds at its own risk. Further, the District must assert a high degree of oversight in order to obtain reasonable assurance that the contractor is using efficient methods and effective cost controls.

### **Settlements of Issues Arising Out of Procurements**

The District alone is responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising out of procurements. These issues include, but are not limited to, source evaluation, protests, disputes, and claims. These standards do not relieve the District of any contractual responsibilities under its contracts. Violations of law will be referred to the local, state, or federal authority having proper jurisdiction.

### **Protest Procedures to Resolve Dispute**

The District maintains protest procedures to handle and resolve disputes relating to procurements and, in all instances, discloses information regarding the protest to the awarding agency. Contract disputes arise from a belief the procurement process was not conducted properly. A vendor has three options to seek a remedy:

1. Contact the local jurisdiction;
2. Contact the state agency in charge of enforcing the law (i.e. Inspector General's Office for Chapter 30B contracts); and/or
3. Superior Court.

If a vendor contacts the district with a complaint regarding the procurement or award of contract, the complaint should be forwarded to the superintendent. The superintendent, director of finance and operations, and the individual responsible for contract will offer

to meet with the vendor. The meeting should seek all information as to the complaint of the vendor. Once the meeting has concluded, and the concerns reviewed, the superintendent will issue a written report to the complainant with a determination.

If there is a potential error in the way the procurement was conducted, or the district seeks advice on correcting the error, the director of finance and operations will ask the advice of the applicable state agency. If the vendor files a complaint in Superior Court, the district will seek the advice of legal counsel.

#### F. Conflict of Interest Requirements

##### **Standards of Conduct**

In accordance with 2 C.F.R. §200.18(c)(1), the District maintains the following standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award and administration of contracts.

No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a federal award if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract.

The officers, employees, and agents of the District may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts, unless the gift is an unsolicited item of nominal value. Massachusetts General Law, Chapter 268A, governs the state's conflict of interest law. There are three main provisions of the law:

- Public employees are prohibited from seeking or accepting anything of substantial value for or because of their official acts or any act within their official responsibilities.
- Public employees are prohibited from using or attempting to use their position to obtain for themselves or others unwarranted privileges of substantial value that are not properly available to similarly situated individuals.
- The conflict of interest law will require public employees to disclose to their appointing authority the gift and their relationship to the giver.

The Massachusetts State Ethics Commission interprets the conflict of interest law and publishes advisories. The Ethics Commission interprets substantial value to mean anything with a value of \$50 or more. Gifts less than \$50 that may have an appearance of a conflict of interest should be disclosed. Disclosures should be made in writing and given to their appointing authority.

Massachusetts defines "immediate family" as spouse, parent, brother, sister, child or a spouse of your parent, brother, sister, or child. The financial disclosure law which, like the conflict of interest law, is interpreted and enforced civilly by the State Ethics Commission. Chapter 268B, of the Massachusetts General Law, is the financial disclosure law. This statute requires public officials, political candidates and certain public employees to disclose their and their immediate family member's private business associations and other financial interests on their Statements of Financial Interests or SFIs. The law covers all elected state and county officials and candidates

for these positions as well as all state and county employees who are designated as holding major policymaking positions.

Every municipal employee (with few exceptions) must complete the Ethic Commission's online training program once every two years. New employees must complete the online training program within 30 days of becoming such an employee, and once every two years thereafter.

### **Organizational Conflicts**

Marlborough Public Schools will comply with Massachusetts General Law, Chapter 268A conflict of interest law and disclosure. Additionally, the district may not be operated for the benefit of an affiliated or unaffiliated organization or an individual in his or her own private capacity or individuals related to any employee of Marlborough Public Schools or members of its management, unless the private benefit is considered merely incidental. The private benefit preclusion will extend to the following:

- The sale, exchange or leasing of property between the district and an affiliated or unaffiliated organization or a private or related individual.
- Lending money or other extension of credit between an agency and an affiliated or unaffiliated organization or a private or related individual.
- Furnishing of goods, services, or facilities between the district and an affiliated or unaffiliated organization or a private or related individual except for the rental of district facilities as specified in the Marlborough School Committee policy manual.
- Payment of compensation, unless authorized by the Marlborough School Committee, by the district to an affiliated or unaffiliated organization or a private or related individual.
- The transfer to, use by or for the benefit of a private or related individual of the income of assets of Marlborough Public Schools unless specifically voted by the Marlborough School Committee.
- Thus, Marlborough Public Schools will be guided by the principle of arms-length standards with all affiliated or unaffiliated organizations or with a private or related individual(s). Related party transactions shall include transactions between a school/district and members of the Marlborough School Committee, administration, employees, related individuals and affiliated companies. Related individuals within the scope of this definition include spouses, parents, children, spouses of children, grandchildren, siblings, fathers-in-law, mothers-in-law sisters-in-law and brothers-in-law of a school committee member or school district employee.

### **Disciplinary Actions**

All associated entities must comply with the policies and procedures of the district.

### **Mandatory Disclosure**

Upon discovery of any potential conflict, the District will disclose in writing the potential conflict to the federal awarding agency in accordance with applicable federal awarding agency policy.

### **G. Contract Administration**

The District maintains the following oversights to ensure that contractors perform in accordance

with the terms, conditions, and specifications of their contracts or purchase orders. See the Property Management section on page 32.

The contract manager for the Marlborough Public Schools varies based on the type of contract. For example, facility related contracts are overseen by the Facilities Manager. When a contract does not clearly fall within a department, the Director of Finance and Operations will act as the contract manager. The contract manager is responsible for the following:

1. Coordinate communications with the vendor;
2. Evaluate the qualifications of contract personnel for compliance with contract requirements;
3. Determine acceptability of reports and deliverables produced by the contractor;
4. Approve or reject contractor payment requests; and
5. Ensure the contract amendments are in writing and approved by the Director of Finance and Operations.

The business office maintains all contract files.

#### H. Procurement Code of Conduct for Food Services

The following conduct will be expected of all persons who are engaged in the awarding and administration of contracts supported by School Food and Nutrition Program Funds.

These written standards of conduct include:

1. No employee, officer or agent of the Marlborough Public Schools shall participate in the selection or in the award or administration of a contract supported by program funds if a conflict of interest, real or apparent, would be involved.

Conflicts of interest arise when one of the following has a financial or other interest in the firm selected for the award:

- (1) The employee, officer or agent;
  - (2) Any member of the immediate family;
  - (3) His or her partner;
  - (4) An organization which employs or is about to employ one of the above.
2. The Marlborough Public Schools employees, officers or agents shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, potential contractors, or parties to sub-agreements.
  3. Penalties for violation of the standards of code of conduct of the Marlborough Public Schools School Child Nutrition Program should be:
    - a. Verbal and/or Written Reprimand by School Administration;



- b. Suspension by School Administration;
- c. Dismissal/Termination by School Administration;
- d. Any legal action necessary.

### ***Procurement Procedures***

- The Marlborough Public Schools plan for procuring items for use in the Child Nutrition Program is as follows. The procurement procedures maximize full and open competition, transparency in transactions, comparability, and documentation of all procurement activities.
- If the amount of purchases is more than the small purchase Massachusetts threshold of \$50,000 formal procurement procedures will be used as required by 2 CFR 200.318-.326 and MGL 30B Procurement Code and Regulations.
- If the amount of purchases is between \$10,001 and \$50,000 informal procurement procedures (small purchase) will be required.
- Micropurchase method will be utilized for any procurement of \$10,000 or less (based upon more restrictive Federal guidelines).
- Because of the potential for purchasing more than \$50,000, it will be the responsibility of the School Business Administrator to document the amounts to be purchased so the correct method of procurement will be followed.

### **Formal Procurements**

When a formal procurement method is required, the following *COMPETITIVE SEALED BID or an Invitation for Bid (IFB) or COMPETITIVE PROPOSAL in the form of a Request for Proposal (RFP)* procedures will apply:

- 1) An announcement of an *Invitation for Bid (IFB) or a Request for Proposal (RFP)* will be placed in the (Newspaper/media, SFA's Website, SFA's Office, COMMBUYS, Goods and Service Bulletin if \$100,000 or greater) to publicize the intent of the School Food Authority to purchase needed items. The advertisement for bids/proposals or legal notice must be published a minimum of 21 days (recommend allowing 4-6 weeks) prior to the time specified in the IFB/RFP for the receipt of bids.
- 2) An advertisement is required for all purchases over the small purchase threshold of \$50,000. The announcement (advertisement or legal notice) will contain a:
  - i) general description of items to be purchased
  - ii) deadline for submission of questions and the date written responses will be provided including addenda to bid specifications, terms and conditions as needed
  - iii) date of pre-bid meeting, if provided, and if attendance is a requirement for bid award
  - iv) deadline for submission of sealed bids or proposals, and
  - v) address of location where complete specifications and bid forms may be obtained.

- 3) In an IFB or RFP, each vendor will be given an opportunity to bid on the same specifications.
- 4) The developer of written specifications or descriptions for procurements will be prohibited from submitting bids or proposals for such products or services.
- 5) The IFB or RFP will clearly define the purchase conditions. The following list includes requirements, not exclusive, to be addressed in the procurement document:
  - Contract period
  - SFA is responsible for all contracts awarded (statement)
  - Date, time, and location of IFB/RFP opening
  - How vendor is to be informed of bid acceptance or rejection
  - Delivery schedule
  - Set forth requirements (terms and conditions) which bidder must fulfill in order for bid to be evaluated
  - Benefits to which the School Food Authority will be entitled if the contractor cannot or will not perform as required
  - Statement assuring positive efforts will be made to involve minority and small business
  - Statement regarding the return of purchase incentives, discounts, rebates, and credits to the School Food Authority's non-profit Child Nutrition account
  - Contract provisions as required in Appendix II to 2 CFR 200
  - Contract provisions as required in 7 CFR 210.21(f) for all cost reimbursable contracts
  - Contract provisions as required in 7 CFR 210.16(a)(1-10) and 7 CFR 250.53 for Food Service Management Company contracts
  - Procuring instrument to be used are purchase orders from firm fixed prices after formal bidding
  - Price adjustment clause (tied to a standard index) (Consumer price index, or other as stated in terms and conditions for pricing and price adjustments)
  - Method of evaluation and type of contract to be awarded – solicitations using an invitation for bid are awarded to the lowest responsive and responsible bidder; requests for proposal are awarded to the most advantageous bidder/offeror with price as the primary factor among factors considered
  - Method of award announcement and effective date (if intent to award is required by local procurement requirements)
  - Specific bid protest procedures including contact information of person and address and the date by which a written protest must be received
  - Provision requiring access by duly authorized representatives of the School Food Authority, State Agency, United State Department of Agriculture, or Comptroller General to any books, documents, papers and records of the contractor which are directly pertinent to all negotiated contracts
  - Method of shipment or delivery upon contract award
  - Provision requiring contractor to maintain all required records for *six* years after final payment and all other pending matters (audits) are closed for all negotiated contracts
  - Description of process for enabling vendors to receive or pick up orders upon

contract award

- Provision requiring the contractor to recognize mandatory standards/policies related to energy efficiency contained in the State Energy Plan issued in compliance with the Energy Policy and Conservation Act (PL 94-165)
  - Signed statement of non-collusion
  - Signed Debarment/Suspension Certificate or statement included in contract or copy of Excluded Parties List System (EPLS).
  - Provision requiring “Buy American” as outlined in 7 CFR Part 210.21(d); specific instructions for prior approval of all of non-domestic product (s).
- 6) Specifications and estimated quantities of products and services prepared by SFA and provided to potential contractors desiring to submit bids/proposals for the products or services requested.
  - 7) If any potential vendor is in doubt as to the true meaning of specifications or purchase conditions, interpretation will be provided in writing to all potential bidders by (Title of person/position) and date specified.
  - 8) The School Business Administrator or City’s Procurement Officer will be responsible for securing all bids or proposals.
  - 9) The School Business Administrator or City’s Procurement Officer will be responsible to ensure all SFA procurements are conducted in compliance with applicable Federal, State, and local procurement regulations.
  - 10) While many criteria will be used in awarding contracts as a result of bids/proposals, price will hold the highest weight.
    - (1) In awarding a RFP, a set of award criterion in the form of an evaluation sheet will be provided to each bidder in the initial bid document materials. Price alone is not the sole basis for award, but remains the primary consideration among all factors when awarding a contract. Following evaluation and negotiations a firm fixed price or cost reimbursable contract is awarded.
  - 11) The contracts will be awarded to the responsible bidder/proposer whose bid or proposal is responsive to the invitation and is most advantageous to the SFA, price as the primary and other factors considered. Any and all bids or proposals may be rejected in accordance with law.
  - 12) School Business Administrator or City’s Procurement Officer is required to sign on the bid tabulation of competitive sealed bids or the evaluation criterion score sheet of competitive proposals signifying a review and approval of the selections.
  - 13) School Business Administrator or City’s Procurement Officer is responsible for reviewing the procurement system to ensure compliance with applicable laws.
  - 14) School Business Administrator or City’s Procurement Officer is responsible for documentation the actual product specified is received.

- 15) Any time an accepted item is not available, the School Business Administrator will select the acceptable alternate. The contractor must inform School Business Administrator when a product is not available. In the event a non-domestic agricultural product is to be provided to the SFA, the contractor must obtain, in advance, the written approval of the product. The selected Food Service Management Company must comply with the Buy American Provision.
- 16) The School Business Administrator or City's Procurement Officer is responsible for maintaining all procurement documentation.

### **Small Purchase Procurements**

If the amount of purchases for items is less than the most restrictive small purchase threshold, the following *small purchase procedures, including written quotes*, will be used. Quotes from an adequate number of qualified sources will be required.

1. Written Specifications will be prepared and provided to the vendor.
2. Each vendor will be contacted and given an opportunity to provide a written price quote on the same specifications. A minimum of three vendors shall be contacted.
3. The School Business Administrator or City's Procurement Officer will be responsible for contacting potential vendors when price quotes are needed.
4. The price quotes will receive appropriate confidentiality before award.
5. Quotes will be awarded by School Business Administrator or City's Procurement Officer. Quotes awarded will be to the lowest and best quote based upon quality, service availability, price, and/or other applicable criteria.
6. The School Business Administrator or City's Procurement Officer will be responsible for documentation of records to show written solicitation specifications were sent to a minimum of 3 vendors, selection of vendor, reasons for selection, names of all vendors contacted, and written price quotes from each vendor.
7. The School Business Administrator or City's Procurement Officer will be responsible for documentation that the actual product specified is received.
8. Any time an accepted item is not available, the School Business Administrator will select the acceptable alternate. Full documentation will be made available as to the selection of the acceptable item.
9. Bids will be awarded on the following criteria:
  - i. *Price*
  - ii. *Quality*
  - iii. *Availability*

10. The School Business Administrator or City's Procurement Officer is required to sign all quote tabulations, signifying a review and approval of the selections.
11. If the value of the purchase is greater than \$10,000, a contract will be required. A purchase order containing all material terms and **signed by both the awarding authority and the vendor** will suffice as a written contract under Chapter 30B.

### **Micropurchases**

If the purchase amount is \$10,000 or less, the purchase can be made without soliciting competitive quotations if price is reasonable and purchases are distributed equitably among qualified suppliers

### **Non-Competitive Procurements**

If items are available only from a single source *when the award of a contract is not feasible under small purchase, sealed bid or competitive negotiation*, NON-COMPETITIVE PROPOSAL procedures will be used.

**Please note:** a member of the Massachusetts Dept of Elementary and Secondary Education, Office for Food and Nutrition Programs, will approve, in advance, all procurements that result from non-competitive negotiations.

1. Written Specifications will be prepared and provided to the vendor.
2. The School Business Administrator or City's Procurement Officer will be responsible for the documentation of records to fully explain the decision to use the non-competitive proposal. The records will be available for audit and review.
3. The School Business Administrator or City's Procurement Officer will be responsible for documentation that the actual product or service specified was received.
4. The School Business Administrator or City's Procurement Officer will be responsible for reviewing the procedures to be certain all requirements for using single source or non-competitive proposals are met.
5. Non-competitive proposals can be used for one-time purchases of a new food item in order to determine food acceptance by students and for samples for testing purposes. A record of non-competitive negotiation purchase shall be maintained by the School Business Administrator or City's Procurement Officer. The record of non-competitive purchases shall include, at a minimum, the following:
  - a. item name
  - b. dollar amount
  - c. vendor, and
  - d. reason for non-competitive procurement

### **Emergency or "Pressing Need" Purchases**

1. If it is necessary to make a one-time emergency procurement to continue service or obtain goods, the purchase must be authorized using a purchase order signed by the

School Business Administrator. The following emergency procedures shall be followed. All emergency procurements shall be approved by the School Business Administrator or City's Procurement Officer.

At a minimum, the following emergency procurement procedures shall be documented:

- a. item name
  - b. dollar amount
  - c. vendor, and
  - d. reason for emergency
2. If it is necessary, in the course of a pressing need, to make an emergency purchase by means of "piggybacking" on the bid of another district, the following conditions must exist and approved procedures must be followed and appropriately documented as follows:
- a. The SFA originating the competitive procurement must have a "piggyback provision" in the original solicitation;
  - b. Documentation of the emergency requiring the piggybacking must be maintained;
  - c. Approval from the purchasing SFA's governing board will be obtained and documented;
  - d. Approval from the SFA that originated the competitive procurement will be obtained and documented;
  - e. Approval from the Vendor that was awarded the Contract (original solicitation) will be obtained and documented;
  - f. Approval to piggyback will be obtained and documented from the governing board during a regularly scheduled meeting following the public notice;
  - g. Notification to the Vendor of final approval will be documented and issued;
  - h. A contract with the Vendor will be developed including:
    - i. The contractor shall agree to retain all books, records and other documents relative to the contract agreement for six (6) years after final payment, or until audited by SFA, whichever is sooner. The SFA, its authorized agents, and/or State and/or USDA auditors shall have full access to and the right to examine any of said materials during said period.

### **Record Keeping Requirements applicable to ALL Procurements**

The SFA shall agree to retain all books, records and other documents relative to the award of the contract for six (6) years after final payment from the contract. Specifically the SFA shall maintain, at a minimum, the following documents:

1. Written rationale for the method of procurement;
2. A copy of the original solicitation;

3. The selection of contract type;
4. The bidding and negotiation history and working papers;
5. The basis for contractor selection;
6. Approval from the State agency to support a lack of competition when competitive bids or offers are not obtained;
7. The basis for award cost or price;
8. The terms and conditions of the contract;
9. Any changes to the contract and negotiation history;
10. Billing and payment records;
11. A history of any contractor claims; and

A history of any contractor breaches.

### **III. Property Management Systems**

#### **A. Property Classifications**

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 the capitalization level established by the District for financial statement purposes, or \$5,000. 2 C.F.R. §200.33.

Supplies means all tangible personal property other than those described in §200.33 Equipment. A computing device is a supply if the acquisition cost is less than the lesser of the capitalization level established by the District for financial statement purposes or \$5,000, regardless of the length of its useful life. 2 C.F.R. §200.94.

Computing devices means machines used to acquire, store, analyze, process, and publish data and other information electronically, including accessories (or “peripherals”) for printing, transmitting and receiving, or storing electronic information. 2 C.F.R. §200.20.

Capital assets means tangible or intangible assets used in operations having a useful life of more than one year which are capitalized in accordance with GAAP. Capital assets include:

- Land, buildings (facilities), equipment, and intellectual property (including software) whether acquired by purchase, construction, manufacture, lease-purchase, exchange, or through capital leases; and
- Additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations or alterations to capital assets that materially increase their value or useful life (not ordinary repairs and maintenance). 2 C.F.R. §200.12.

## B. Inventory Procedure

Inventory will be maintained on all information technology hardware and software; textbooks; and fixed assets. The school/department placing an order will add the appropriate ship to address. At the time of receipt, the package is inspected to ensure the ordered materials were received in good order and the items mirror the order placed through the purchase order system. Items are inventoried at the time they are unpacked. Inventory records are inputted by a member of the technology staff (hardware and software), director/department head (textbooks) and the business office (fixed assets).

All technology hardware is tagged and include an asset number. The technology department is responsible for configuring all computers, laptops, netbooks, and iPads.

## C. Inventory Records

Equipment and computing devices purchased with federal funds are labeled, inventoried, and tracked by the IT Department.

## D. Maintenance

In accordance with 2 C.F.R.313 (d) (4), the District maintains adequate maintenance procedures to ensure that property is kept in good condition. Marlborough Public Schools does not place restrictions on computer devices for employees. Employees who are issued a device(s) are responsible for maintaining and securing the equipment. When a device is not working properly. The employee will submit a help desk ticket. A member of the technology staff will work with the employee to identify and repair the computer as quickly as possible. A loaner computer is available for faculty upon request.

## E. Lost or Stolen Items

The District maintains a control system that ensures adequate safeguards are in place to prevent loss, damage, or theft of the property. Employees issued computer devices are responsible for abiding by the Computer Network User Agreement. As previously stated, all hardware is inventoried and marked as property of the Marlborough Public Schools. Employees are required to file a police report when equipment is determined to be missing. A copy of the report must be provided to the Director of Technology within 24 hours of filing the police report. In the next physical inventory, the item is listed as missing with the date of the police report. If the item continues to be missing on the second inventory, the item is removed from the list.

## F. Use of Equipment

Equipment must be used in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by the federal award, and the District will not encumber the property without prior approval of the federal awarding agency and the pass-through entity.



During the time equipment is used on the project or program for which it was acquired, the equipment will also be made available for use on other projects or programs currently or previously supported by the federal government, provided that such use will not interfere with the work on the projects or program for which it was originally acquired. First preference for other use must be given to other programs or projects supported by the federal awarding agency that financed the equipment. Second preference is given to programs or projects under federal awards from other federal awarding agencies. Use for non-federally funded programs or projects is also permissible.

When no longer needed for the original program or project, the equipment may be used in other activities supported by the federal awarding agency, in the following order of priority: (1) activities under a federal award from the federal awarding agency which funded the original program or project; then (2) activities under federal awards from other federal awarding agencies.

#### G. Disposal of Equipment

All equipment that is deemed obsolete and retains no value shall be brought to the attention of the School Committee for disposition approval.

### **IV. Written Compensation Policies**

#### A. Time and Effort

##### **Time and Effort Standards**

All employees who are paid in full or in part with federal funds must keep specific documents to demonstrate the amount of time they spent on grant activities. This includes an employee whose salary is paid with state or local funds but is used to meet a required “match” in a federal program. These documents, known as time and effort records, are maintained in order to charge the costs of personnel compensation to federal grants.

Charges to federal awards for salaries and wages 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;
- Be incorporated into official records;
- Reasonably reflect total activity for which the employee is compensated, not exceeding 100% of compensated activities;
- Encompass both federally assisted and all other activities compensated by the District on an integrated basis;
- Comply with the established accounting policies and practices of the District and
- Support the distribution of the employee’s salary or wages among specific activities or costs objectives.

### **Time and Effort Procedures**

Marlborough Public School utilized both MTRS and non-MTRS employees to work on federal grants. employees who have a single cost objective (dedicated to a singular purpose) are prioritized to be charged to a federal grant. For example, Teachers working on Title IIA initiatives would be an appropriate choice as an employee to charge to this federal grant. The district requires timesheets be completed for this additional work. The timesheet includes:

1. Employer's name;
2. Employee's name and identification number;
3. Federal program account number;
4. Employee's position;
5. Reporting period; and
6. Employee's and supervisor's signature.

The time and effort after-the-fact certification statement is included on the timesheet. The certification must be signed and dated by the employee or supervisor with first-hand knowledge of the employee's work after the work has been completed.

For salaried employees funded through a federal grant, the business office generates a semi-annual personnel activity report. The report includes:

1. Employer's name;
2. Employee's name and identification number;
3. Federal program account number;
4. Employee's position;
5. Reporting period;
6. 100% of work activities; and
7. Employee's and supervisor's signature.

The time and effort after-the-fact certification statement must be signed and dated by the employee or supervisor with first-hand knowledge of the employee's work after the work has been completed.

### **Reconciliation and Closeout Procedures**

It is critical for payroll charges to match the actual distribution of time recorded on the certification documents. Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to federal awards, but may be used for interim accounting purposes provided that the system for establishing the estimates produces reasonable approximations of the activity actually performed.

The reconciliation process is conducted by the Finance and Operations Grants Manager. At the beginning of each grant year, the Finance and Operations Grant Manager creates a spreadsheet with the following information:

1. Federal grant name;
2. Federal grant account number;
3. Employee's name;

4. Employee's number;
5. Position Title;
6. Days schools are in session by month;
7. Budgeted number of hours by month; and
8. Variance (number of hours and percent).

On a semi-annual basis, the federal grant timesheets/Munis payroll reports are collected and scanned into a folder on the shared directory. The Finance and Operations Grants Manager enters in the number of hours worked into the spreadsheet.

Annual adjustments will be made such that the final amount charged to the federal award is accurate, allowable, and properly allocated.

### **Employee Exits**

An employee who is separating from service with the Marlborough Public Schools should submit a letter of intent to the Superintendent. In the letter, the employee shall note the purpose of separation (retirement, resignation, etc.) and the effective date. Advance notification of separation is greatly appreciated to limit negative impacts on student learning. Although a formal exit interview is not required, it is suggested that each supervisor discuss the reasons for leaving with every employee leaving for purposes other than retirement.

### **B. Human Resources Policies**

The District School Committee Policies ensure that personnel compensation costs are spent in accordance with written policies and procedures. Refer to School Committee policy manual, collective bargaining unit contracts and Human Resources Webpage. Unless authorized by the grantor, Marlborough Public Schools will not use federal funds for relocation or severance pay.

The allowability of various types of personnel compensation costs is dependent on whether they are spent in accordance with written policies and procedures. For example, the cost of fringe benefits in the form of regular compensation paid to employees during periods of authorized absences from the job, such as annual leave, sick leave, or holidays, is allowable if, among other criteria, the costs are provided under established written leave policies. Therefore, ensure that the District has human resource policies which at least cover (1) how employees are hired (2 CFR §200.430(a)(2)); (2) the extent to which employees may provide professional services outside the District (2 CFR §200.430(c)); (3) the provision of fringe benefits, including leave and insurance, (2 CFR §200.431); (4) the use of recruiting expenses to attract personnel (2 CFR 200.463(b)); and (5) reimbursement for relocations costs. 2 CFR §200.464.

## **V. Record Keeping**

### **A. Record Retention**

The District maintains all records that fully show (1) the amount of funds under the grant or subgrant; (2) how the subgrantee uses those funds; (3) the total cost of each project; (4) the share of the total cost of each project provided from other sources; (5) other records to facilitate an

effective audit; and (6) other records to show compliance with federal program requirements. 34 C.F.R. §§ 76.730-.731 and §§ 75.730-.731. The District also maintains records of significant project experiences and results. 34 C.F.R. § 75.732. These records and accounts must be retained and made available for programmatic or financial audit.

The U.S. Department of Education is authorized to recover any federal funds misspent within 5 years before the receipt of a program determination letter. 34 C.F.R. § 81.31(c). Consequently, the District retain records for a minimum of five (5) years from the date on which the final Financial Status Report is submitted, unless otherwise notified in writing to extend the retention period by the awarding agency, cognizant agency for audit, oversight agency for audit, or cognizant agency for indirect costs. However, if any litigation, claim, or audit is started before the expiration of the record retention period, the records will be retained until all litigation, claims, or audit findings involving the records have been resolved and final action taken. 2 C.F.R. § 200.333.

At the state level, records retention is overseen by the Massachusetts Secretary of State's Office ([www.mass.gov/sec](http://www.mass.gov/sec)). The department head of any office that creates, receives or stores public records must designate a custodian of records. The custodian of records is the point of contact for all public records requests; ensures record security and follows proper destruction of records protocol.

Maintaining an inventory of records will allow for the identification of records that may be at the end of the retention period. Prior to the destruction of records, a written request must be made to the Supervisor of Records. Once the written request is approved, each district can choose a method of destruction or recycling. Districts are advised to choose the method of destruction carefully especially if employee or student records are involved. The municipal records retention schedule is available on the website at:

[http://www.sec.state.ma.us/arc/arcpdf/MA\\_Municipal\\_Records\\_Retention\\_Manual.pdf](http://www.sec.state.ma.us/arc/arcpdf/MA_Municipal_Records_Retention_Manual.pdf).

#### B. Collection and Transmission of Records

Most records may be maintained in either paper or electronic form, based on the current practices in the district. Electronic storage will provide an easier means to share documents upon request i.e. auditors, records inquiries, etc. In either case, care must be taken to ensure the materials chosen to create the record will last through the records retention period. Minutes of governmental bodies must be maintained in a paper format. Proper storage of the records is the responsibility of the district. The municipal records retention schedule provides recommended storage standards.

#### C. Access to Records

The District provides the awarding agency, Inspectors General, the Comptroller General of the United States, and the pass-through entity, or any of their authorized representatives the right of access to any documents, papers, or other records of the District which are pertinent to the Federal award, in order to make audits, examinations, excerpts, and transcripts. The right also includes timely and reasonable access to the District's personnel for the purpose of interview and discussion related to such documents.

## D. Privacy

The Family Educational Rights and Privacy Act (FERPA) affords parents and students who are 18 years of age or older ("eligible students") certain rights with respect to the student's education records. Marlborough Public Schools protects personal information of both students and employees through regular training and updated policies and procedures. Marlborough Public Schools employees will take regulatory training modules that include:

- Civil Rights;
- Bullying and Cyberbullying;
- Confidentiality of Student Records;
- Sexual Harassment or Discrimination;
- English Language Learners and SEI Endorsement;
- Mandated Report of Suspected Child Abuse;
- Restraint Procedures;
- Conflict of Interest; and
- Readiness and Emergency Management.

The link for these regulatory trainings is: <https://www.mps-edu.org/cms/lib/MA02212715/Centricity/Domain/109/Training%20-%20Mandated%20FY20.pdf>

## VI. **Subrecipient Monitoring**

If the District awards subgrants to other entities, it is responsible for monitoring those grant subrecipients to ensure compliance with federal, state, and local laws. Monitoring is the regular and systematic examination of all aspects associated with the administration and implementation of a program. Each program office that awards a subgrant must have its own monitoring policy. This policy must ensure that any monitoring findings are corrected.

## VII. **Frequently Asked Questions**

As questions arise, this section will be populated.

## VIII. **Legal Authorities and Helpful Resources**

The following documents contain relevant grants management requirements. Staff should be familiar with these materials and consult them when making decisions related to the federal grant.

Education Department General Administrative Regulations (EDGAR)

- <http://www2.ed.gov/policy/fund/reg/edgarReg/edgar.html>

Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (2 CFR Part 200)

- <http://www.ecfr.gov/cgi-bin/text-idx?SID=ccccf77e01c9e6d4b3a377815f411704&node=pt2.1.200&rgn=div5>

USDE's Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (2 CFR Part 3474)

- [http://www.ecfr.gov/cgi-bin/text-idx?SID=ccccf77e01c9e6d4b3a377815f411704&tpl=/ecfrbrowse/Title02/2cfr3474\\_main\\_02.tpl](http://www.ecfr.gov/cgi-bin/text-idx?SID=ccccf77e01c9e6d4b3a377815f411704&tpl=/ecfrbrowse/Title02/2cfr3474_main_02.tpl)

Federal program statutes, regulations, and guidance

- <http://www.ed.gov/>

State regulations, rules, and policies

- Massachusetts Department of Elementary and Secondary Education, Grants Manual: <http://www.doe.mass.edu/grants/procedure/manual.html>
- Massachusetts Department of Early Education and Care Grants: <http://www.mass.gov/edu/birth-grade-12/early-education-and-care/financial-assistance/funding-opportunities/forms-for-grant-recipients/>
- Massachusetts Municipal Records Retention Schedule: [http://www.sec.state.ma.us/arc/arcpdf/MA\\_Municipal\\_Records\\_Retention\\_Manual.pdf](http://www.sec.state.ma.us/arc/arcpdf/MA_Municipal_Records_Retention_Manual.pdf)
- Massachusetts Inspector General's Office, Chapter 30B Procurement: <http://www.mass.gov/ig/procurement-assistance/>

District regulations, rules, and policies


- Marlborough Public Schools, School Committee Policies: <https://www.mps-edu.org/Page/60>

Organizational Chart

- Current organization chart: <https://www.mps-edu.org/cms/lib/MA02212715/Centricity/Domain/25/FY20%20Org%20Chart%201-6-2020.pdf>

# Appendices

## Appendix A – Computer Network User Agreement

	<b>POLICY 7.981</b>
<b>COMPUTER NETWORK USER AGREEMENT / POLICY (Instruction)</b>	

### **COMPUTER NETWORK USER AGREEMENT**

A. I have read School Committee Policy 7.970 and understand that Internet Usage and personal computers are designed for educational purposes only. I understand that any violation of the School Committee Policy 7.970 will result in disciplinary action, the revoking of my/my child's user privilege, and or any appropriate legal action. I agree that I/my child will not participate in the transfer of inappropriate or illegal materials through the Marlborough Public Schools Internet Connection. I realize that the transfer of such material may result in legal action. I also understand that it is impossible for the Marlborough Public Schools to restrict access to all controversial materials. I will not hold a teacher or the Marlborough Public Schools responsible for, nor legally liable for materials distributed to or acquired from the network by me/my child.

B. I also agree to report any misuse of the information system to the teacher, principal or some other appropriate authority.

C. I agree to accept all financial and legal liabilities which may result from my/my child's use of the Marlborough Public Schools computer network, personal computers or Internet Connection. I accept full responsibility for supervision if and when my/my child's use is not in a school setting.

D. Misuse can come in many forms, but can be viewed as any information sent/received that indicate or suggest pornography, unethical or illegal solicitation, racism, sexism, inappropriate language and other issues described in the policy and regulation.

E. I have reviewed (and explained) this policy (to my child).

User Name \_\_\_\_\_

User Signature \_\_\_\_\_

Parent/Guardian Name \_\_\_\_\_  
(If Child is Under Age 18) (print)

Parent/Guardian Signature \_\_\_\_\_  
(Required)

Date \_\_\_\_\_

Revised / Approved 12/11/18



## Appendix B – Chromebook User Agreement



# Marlborough Public Schools

17 Washington Street, Marlborough, MA 01752

The Marlborough Public Schools is committed to transforming education by preparing today's students with the skills and abilities necessary to compete in a modern global society. As part of this preparation, students are provided with a district-owned Chromebook device to use as a complement to their classroom instruction.

**Students and Parents, please review, sign, and return the following agreement. Marlborough Chromebook User Agreement**

1. I understand that my Chromebook is the property of the Marlborough Public Schools and may be inspected at any time.
2. I understand that the care, including safety and charging of my Chromebook is my responsibility.
3. I understand that my Chromebook is intended for educational purposes and will use it as part of class with permission of my teacher.
4. I will arrive at school daily with my Chromebook charged and ready for use in my classes.
5. I agree that I will not install apps or games to my Chromebook without permission.
6. Should I choose to loan my Chromebook to someone, I am still responsible for the Chromebook.
7. I will immediately notify my administrator's office in case of the theft or vandalism of my Chromebook.
8. I will keep food and beverages away from my Chromebook.
9. I understand that I am financially responsible for any breakage, loss, or repair of my Chromebook.
10. I understand that if I leave the Marlborough Public Schools my Chromebook must be returned before departure.
11. Parent(s) or Guardian(s) agree to allow this student to use online educational sites and services that have been evaluated and approved by the Marlborough Public Schools for educational purposes in accordance with the site guidelines and MPS Acceptable Usage Policy and that students will adhere to these terms.\*\*

*\*\*The Marlborough Public Schools Internet Acceptable Usage Policy is available on the MPS website by clicking on the School Committee's Policies link on the School Committee drop-down menu.*

I accept the device and all the responsibilities outlined in the policies, the guidelines and the agreement. I understand that by signing this agreement, I am acknowledging the acceptance of all School Committee network and device policy requirements and responsibilities.

---

Student Signature

Date

---

Student Name Printed

Student ID#

I have reviewed and explained to my child the conditions of this agreement.

---

Parent/Guardian Signature (Required if child is under age 18)

Date

[www.mps-edu.org](http://www.mps-edu.org)

*It is the policy of the Marlborough Public Schools not to discriminate on the basis of race, gender, religion, national origin, color, homelessness, sexual orientation, gender identity, age or disability in its education programs, services, activities or employment practices.*

**APPENDIX C: Disbarment/Suspension Affidavit**

**Debarment Statement**

(For consulting agreements >\$25,000)

CERTIFICATION REGARDING DEBARMENT, SUSPENSION, AND OTHER RESPONSIBILITY MATTERS (Executive Order 12549, Debarment and Suspension, 34 CFR Part 85)

Consultant certifies to the best of its knowledge and belief, that it and its principals:

- (a) [ ] Are [ ] are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;
- (b) [ ] Have [ ] have not within a three-year period preceding award of this consulting agreement been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or Local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
- (c) [ ] Are [ ] are not presently indicted for or otherwise criminally charged by a governmental entity (Federal, State or Local) with commission of any of the offenses enumerated in Paragraph (b) above; and
- (d) [ ] Have [ ] have not within a three-year period preceding award of this consulting agreement had one or more public transactions (Federal, State or Local) terminated for cause or default.

\_\_\_\_\_  
Consultant Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Typed or Printed Name

\_\_\_\_\_  
Contractual Agreement No.