

## **FEDERAL GRANT FUNDS**

The Monterey County Superintendent of Schools (County Superintendent) establishes the following administrative regulation to ensure the lawful expenditure of any federal formula or discretionary grant funds awarded to Monterey County Office of Education (MCOE). The County Superintendent has designated the Chief Business Officer to be responsible to ensure compliance with each of the requirements referenced herein.

All grants awarded to MCOE by the federal government, including formula grants (e.g., Title I funding, Part B of the Individuals with Disabilities Education Act) and discretionary grants, are subject to the requirements contained in the Office of Management and Budget's (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (commonly called "Uniform Guidance"), as specified in 2 CFR 200.0-200.521 and Appendices I-XII.

### **Allowable Costs**

Prior to obligating or spending any federal grant funds, the County Superintendent or designee shall determine whether a proposed purchase is an allowable expenditure of federal funds in accordance with 2 CFR 200.400-200.475 and the terms and conditions of the federal grant award. The Chief Business Officer shall also determine whether the expense is a direct or indirect cost as defined in 2 CFR 200.413 and 200.414 and, if the purchase will benefit other programs not included in the grant award, the appropriate share to be allocated to the federal grant.

The Chief Business Officer shall review and approve all transactions involving federal grant funds and shall ensure the proper coding of expenditures consistent with the California School Accounting Manual.

### **Period of Performance**

All obligations of federal funds shall occur on or between the beginning and ending dates of the grant project and shall be paid no later than 90 days after the end of the funding period, unless specifically authorized by the grant award to be carried over beyond the initial term of the grant.

### **Procurement**

On or before July 1, 2017, or such later date as may be approved in this Regulation the Chief Business Officer shall comply with the standards specified in 2 CFR 200.317-200.326 and Appendix II of Part 200 when procuring goods and services needed to carry out a federal grant as well as any applicable State laws and/or MCOE regulations or procedures concerning the procurement of goods and services that may be more

restrictive.

As appropriate to encourage greater economy and efficiency, the Chief Business Officer shall avoid acquisition of unnecessary or duplicative items, give consideration to consolidating or breaking out procurements, analyze lease versus purchase alternatives, consider entering into an interagency agreement for procurement of common or shared goods and services, and/or use federal excess or surplus property.

The procurement of goods or services with federal funds shall be conducted in a manner that provides full and open competition in accordance with state laws and MCOE regulations and shall include the following requirements:

1. Any purchase of supplies or services that does not exceed the "micro-purchase" threshold specified in 48 CFR 2.101 may be awarded without soliciting competitive quotes, provided that MCOE considers the price to be reasonable and maintains written evidence of this reasonableness in the record of all micro-purchases.
2. For any purchase that exceeds the micro-purchase threshold but is less than the bid limit required by Public Contract Code 20111, the Chief Business Officer shall utilize "small-purchase" procedures that include obtaining price or rate quotes from an adequate number of qualified sources.
3. Contracts for goods or services over the bid limits required by Public Contract Code 20111 shall be awarded pursuant to California law and AR 3300 – Expenditures and Purchases, unless exempt from bidding under the law.
4. If a purchase is exempt from bidding and MCOE's solicitation is by a request for proposals (RFP), the award may be made by either a fixed-price or cost-reimbursement type contract awarded to the entity whose proposal is most advantageous to the program, with price and other factors considered.
5. Procurement by noncompetitive proposals (sole sourcing) may be used only when the item is available from a single source, the need or emergency will not permit a delay resulting from competitive solicitation, the awarding agency expressly authorizes sole sourcing in response to MCOE's request, and/or competition is determined inadequate after solicitation of a number of sources.
6. Time and materials type contracts may be used only after a determination that no other contract is suitable and if the contract includes a ceiling price that the contractor exceeds at its own risk. Time and materials type contract means a contract for which the cost is the sum of the actual cost of materials and direct labor hours charged at fixed hourly rates that reflect wages, general administrative expenses, and profit.

For any purchase of \$25,000 or more, the Chief Business Officer shall verify that any vendor which is used to procure goods or services is not excluded or disqualified by the federal government. Suspended or disbarred entities are verified at the federal website [www.sam.gov](http://www.sam.gov).

All solicitations shall incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description shall not, in competitive procurements, contain features which unduly restrict competition. The description shall avoid detailed product specifications to the extent possible, but may include a statement of the qualitative nature of the material, product, or service to be procured and, when necessary, shall set forth those minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use. When it is impractical or not economical to make a clear and accurate description of the technical requirements, a brand name or equivalent description may be used to define the performance or other salient requirements of procurement, clearly stating the specific features of the named brand which must be met by offers. In addition, every solicitation shall identify all requirements which the offer must fulfill and any other factors to be used in evaluating bids or proposals.

The Chief Business Officer shall maintain sufficient records to document the procurement, including, but not limited to, the rationale for the method of procurement, selection of the contract type, contractor selection or rejection, and the basis for the contract price.

The Chief Business Officer shall ensure that all contracts for purchases using federal grant funds contain the applicable contract provisions described in Appendix II to Part 200 - Contract Provisions for Non-Federal Entity Contracts Under Federal Awards.

### **Capital Expenditures**

The Chief Business Officer shall obtain prior written approval from the awarding agency before using federal funds to make capital expenditures, including the acquisition of land, facilities, equipment, and intellectual property and expenditures to make additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations, or alterations to capital assets that materially increase their value or useful life.

### **Conflict of Interest**

No Monterey County Board of Education (County Board) member, MCOE employee, or MCOE representative shall participate in the selection, award, or administration of a contract supported by federal funds if they have a real or apparent conflict of interest,

such as when they or a member of their immediate family, their partner, or an organization which employs or is about to employ any of them has a financial interest in or a tangible personal benefit from a firm considered for a contract. Such persons are prohibited from soliciting or accepting gratuities, favors, or anything of monetary value from contractors or subcontractors unless the gift is an unsolicited item of nominal value.

Employees engaged in the selection, award, and administration of contracts shall not have a financial interest in the procurement process.

### **Cash Management**

The Chief Business Officer shall ensure MCOE's compliance with 2 CFR 200.305 pertaining to payments and cash management, including compliance with applicable methods and procedures that minimize the time elapsing between the transfer of funds to MCOE and MCOE's disbursement of funds.

When authorized by law, MCOE may receive advance payments of federal grant funds, limited to the minimum amounts needed and timed in accordance with the actual immediate cash requirements of MCOE for carrying out the purpose of the program or project. Except under specified conditions, MCOE shall maintain the advance payments in an interest-bearing account. MCOE shall remit interest earned on the advanced payment to the awarding agency on an annual basis, but may retain interest amounts specified in 2 CFR 200.305 for administrative expenses.

When required by the awarding agency, MCOE shall instead submit a request for reimbursement of actual expenses incurred. MCOE may also request reimbursement as an alternative to receiving advance payments.

The Chief Business Officer shall maintain source documentation supporting the expenditure of federal funds, such as invoices, time sheets, payroll stubs, or other appropriate documentation.

### **Personnel**

All MCOE employees who are paid in full or in part with federal funds, including employees whose salary is paid with state or local funds but is used to meet a required match or in-kind contribution to a federal program, shall document the amount of time they spend on grant activities.

### **Records**

Except as otherwise provided in 2 CFR 200.333, or where state law or MCOE policy

requires a longer retention period, financial records, supporting documents, statistical records, and all other MCOE records related to a federal award shall be retained for a period of three years from the date of submission of the final expenditure report or, for a federal award that is renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report.

### Audits

Whenever MCOE expends \$750,000 or more in federal grant funds during a fiscal year, it shall arrange for either a single audit or a program-specific audit in accordance with 2 CFR 200.507 or 200.514.

The Chief Business Officer shall ensure that the audit meets the requirements specified in 2 CFR 200.500-200.521.

Specified records pertaining to the audit of federal funds expended by MCOE shall be transmitted to the clearinghouse designated by the federal Office of Management and Budget and shall be made available for public inspection. Such records shall be transmitted within 30 days after receipt of the auditor's report or within nine (9) months after the end of the audit period, whichever is sooner, unless a longer period is agreed to in advance by the federal agency or a different period is specified in a program-specific audit guide.

In the event that the audit identifies any deficiency, the Chief Business Officer shall promptly act to either correct the identified deficiency, produce recommended improvements, or demonstrate that the audit finding is invalid or does not warrant action.

#### *Legal References:*

##### *EDUCATION CODE*

1620-1630      *County office of education budget approval*  
42122-42129      *Budget requirements*

##### *PUBLIC CONTRACT CODE*

20111      *School districts*

##### *CODE OF FEDERAL REGULATIONS, TITLE 2*

180.220      *Amount of contract subject to suspension and debarment rules*  
200.0-200.521      *Federal uniform grant guidance, especially:*  
200.1-200.99      *Definitions*  
200.100-200.113      *General provisions*  
200.317-200.326      *Procurement standards*  
200.327-200.329      *Monitoring and reporting*  
200.333-200.337      *Record retention*

*200.400-200.475 Cost principles*

*200.500-200.521 Audit requirements*

*CODE OF FEDERAL REGULATIONS, TITLE 34*

*76.730-76.731 Records related to federal grant programs*

*CODE OF FEDERAL REGULATIONS, TITLE 48*

*2.101 Federal acquisition regulation; definitions*