

Raleigh County Federal Programs Procurement System

District Purchases

All district purchases must follow the procedures outlined in the *Purchasing Policies and Procedures Manual for Local Educational Agencies*. All District purchases will be made with an approved purchase order or by purchase card. The District will assume no responsibility for purchases made without an approved purchase order or proper use of District issued purchase cards (see section 27 in the above mentioned manual).

1. Purchase orders will be processed through the District Accounting Department.
2. District purchases must be made to approved vendors and must comply with state, federal and local purchasing guidelines. A procurement review is conducted by the Federal Programs Department.
3. Purchase orders may require approval at the central office level by the technology, federal programs, instructional programs departments or the Superintendent.
4. Purchase orders must be processed at the school or departmental level with sufficient time to allow for the delivery of the materials and/or equipment within the required time. The school or departmental level must insure a pro-active time frame for such.
5. If an attachment is required for purchase order the school or department must attach all completed documents to the request via finance system procedures.
6. Once approved, the school or department will forward fully approved purchase orders to the vendor. E-vendors receive requests directly via the finance system. E-vendor information will be present on the purchase order.
7. Purchase orders must be complete to include the following:
 - complete vendor information,
 - quantity,
 - unit prices,
 - shipping and handling costs,
 - contract
 - codes,
 - commodity codes,
 - correct account coding
 - reasonable and accurate descriptions,
 - applicable discounts,
 - and completed approved attachments.
8. Once a purchase order has been processed, it is the responsibility of the initiating school or department to monitor the receipt of the purchase. All purchase orders must be received timely through the District Finance System in order to provide prompt payment to the vendor. School and departments must monitor receiving information and contact vendors when appropriate.
9. Technology equipment purchases will follow the guidelines as issued by the Technology Department.

10. District purchases will be made in accordance to District regulations and guidelines in order to meet the needs of the school or department and the District. Cost comparisons will be made in order to obtain the best product for the least cost. All purchases will be made in accordance to school and district plans.

11. District purchases must be completed by the dates communicated on the district purchasing cut off calendar. Principals, Supervisors or other parties are responsible for budgets and may issue earlier cut-off dates. All start up supplies must be ordered within this time frame. District purchasing will resume the following July.

Allowable Costs/Cost Principles

Administrative requirements are:

- (a) be sufficiently specific to ensure that all funds are used in compliance with all applicable statutory and regulatory provisions, including ensuring that that costs are allowable to a particular cost objective;
- (b) ensure that funds received are spent only for reasonable and necessary costs of the program

Determining Allowability of Costs

In the event that a grant has any funds left at the end of the grant period the accounting department calculates the indirect costs from the indirect cost rate and submits it through the expenditure report. This is done for final grant report for the year.

Expenditures must be aligned with budgeted items in the approved grant application. Certain changes or variations from the approved budget and grant application need prior approval from WVDE.

When determining how the District will spend grant funds, the federal programs director and the purchasing director 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 goods or services.

Factors Affecting Allowability of Costs

In general, District staff must consider the following elements when determining the allowability of a cost. In accordance with the federal cost principles, all costs budgeted and charged to a federal grant must be:

Necessary and Reasonable for the performance of the federal award.

Reasonable Costs: 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. "Reasonable" means that sound business practices were followed, and purchases were comparable to current market prices.

A cost can be *reasonable* if it meets *all* of the following conditions:

- Prudence was used in making the decision to incur the cost, considering the person's responsibilities to the District, its employees, the public, and the federal government. It is necessary to carry out the objectives of the grant program or is recognized as an ordinary cost to operate the organization.
- The District applied sound business practices; (i.e., the transaction was with an unrelated third party); federal, state, and other laws and regulations; and the terms and conditions of the award in making the decision.
- The price is comparable to that of the current fair market value for equivalent goods or services.
- There were no significant deviations from the established practices of the organization which may unjustifiably increase the cost.

Necessary Costs: *Necessary* is determined based on the needs of the program. Specifically, the expenditure must be necessary to achieve an important program objective. It means it is vital or required in

order to meet the objectives of the grant or for the grant to be successful. *Necessary* does *not* mean “nice to have,” which means it is *not necessary* to accomplish the objectives of the program in that it is not vital or required for the success of the program.

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*, the District considers:
- 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; and
- 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 benefits received*. This means that the federal grant program derived a benefit in proportion to the funds charged to the program. For example, if 50% of a supplementary 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. Additionally, if equipment or supplies purchased with grant funds benefits more than one grant program, the purchase must be “split-funded” among the grant programs receiving benefit. The District must be able to demonstrate how a particular cost benefits the specific population being served in the grant. This is an area of frequent audit exceptions.

Consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the District. For example, personnel whose travel is paid with federal funds is reimbursed at the same rates as personnel whose travel is paid with state or local funds and the grant is charged accordingly.

Conform to any limitations or exclusions set forth as cost principles 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 with original source documentation that is clearly written and maintained on file (either electronically or on paper) with accounting records. Documentation includes purchase orders/requisitions, invoices, receipts, verification of receipt of goods and services, travel authorizations and vouchers, contracts, time-and-effort records, copies of checks, bank statements, etc. Expenditures that are not supported by source documentation cannot be charged to the grant.

Determined in accordance with generally accepted accounting principles (GAAP)

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

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, such as credits. To the extent that such credits accruing to or received by the District relate to the federal award, they shall be credited to the federal award, either as a cost reduction or a cash refund, as appropriate.

Costs That Require Special Attention

Certain types of costs may be allowable under federal law but may not be allowable under state law or guidelines, or may only be allowable under certain circumstances and conditions. Several types of costs that required special attention due to the fact some costs frequently cause audit exceptions or findings. These might include: awards and incentives; cell phones; employer contributions to voluntary retirement plans; field trips; printing costs; food costs, including for hosting meetings and conferences; fundraising gifts; promotional items; social events; and training on grant writing.

The District makes every effort to comply with these guidelines in the expenditure of federal grant funds to avoid audit exceptions. Annual training on updates of procedures and practices will be implemented throughout the year as necessary.

Travel

Travel costs are the expenses for transportation, lodging, meals, and related items incurred by employees who are in travel status on official business of the District. Reimbursing travel from federal funds is based on county/state guidelines. In general, reimbursement from federal grants for employees on travel is limited to the following:

- meals incurred by the employee must not exceed the maximum allowable per diem rate (overnight stays only)
- the actual cost of lodging, not to exceed the current federal rate in the locale to which the employee is travelling
- the actual cost of coach airfare
- actual mileage in a personal vehicle

Travel costs for dependents are unallowable. Raleigh County does not reimburse employees for dependent care costs.

In order for travel to be allowed from a federal fund, the following needs to be considered:

- How is the expenditure reasonable and necessary to carry out purpose of the grant?
- What need, as identified in the comprehensive needs assessment, does the expenditure address?
- What is the description in the Strategic Plan, of the goal, objective, and strategy addressed by expenditure?
- If it is for school wide use, how will the expenditure upgrade the entire program?
- How is the expenditure supplemental to other nonfederal programs?
- How will the expenditure be evaluated to measure positive impact on student achievement?

Employees who plan to travel out-of-county must complete *My Learning Plan* prior to travel, detailing the dates of the proposed travel, purpose of the travel, and estimated travel expenses. Raleigh County does not use a travel voucher. The District utilizes district issued p-cards. Travel costs must be properly documented to be reimbursable by the District.

Treatment of miles, points, or awards accrued for travel: Any miles, points, credits, or awards accrued or earned for employee travel using a district-issued p-card where the credit card bill is paid directly by the district are the property of the district and will be used for employees travelling on behalf of the district to reduce the overall cost to the district. Any such miles, points, credits, or awards accrued will not be used for personal travel.

Hosting Meetings and Conferences

A conference is defined as "a meeting, retreat, seminar, symposium, workshop, or event whose primary purpose is the dissemination of technical information and is reasonable and necessary for successful performance under the award. When the grantee is hosting a meeting, the grantee should structure the agenda for the meeting so that there is time for participants to purchase their own food, beverages, and snacks. Grantees should consider whether a face-to-face meeting or conference is the most effective or efficient way to achieve the desired result and whether there are alternative, such as webinars or video conferences, that would be equally or similarly effective and more efficient in terms of time and costs than a face-to-face meeting. The grantee should consider how the meeting or conference will be perceived as a good use of taxpayer money.

Parent Meeting Refreshments

Parent involvement refreshments should be served during the breakfast, lunch and dinner hours for parent workshops and meetings that focus on improving student academic achievement. Light fare includes snacks such as cookies, fruit, chips, crackers, vegetable trays, and juice/punch. It does not include meals/dinners such as spaghetti, chicken, and salads. Advanced funds for food must be spent only on food, paper plates, cups, napkins and cutlery. Decorations cannot be purchased with federal funds.

Indirect Costs

The Raleigh County general management costs are costs and activities that are for the direction and control of the district affairs that are organization wide, such as central accounting services, payroll preparation and personnel management. Indirect cost will be applied to grants in accordance to grant guidelines and at the approved rate stated in the guidelines. The indirect cost rate, contained in the grants system for requesting reimbursement may not agree with the grant requirements, and will be verified prior to submission of any reimbursement requests by the district accounting director and by the district federal programs director.

Applying the Indirect Cost Rate: The District must have a current, approved federal indirect cost rate to charge indirect costs to a federal grant. Once the District has an approved indirect cost rate, the percentage is multiplied against the *actual* direct costs incurred under a particular grant to produce the dollar amount of indirect costs allowable to that award. 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. Indirect costs are part of *administrative costs* (vs. *program costs*).

Indirect costs are budgeted in the grant application in the corresponding line item. Although the maximum allowable indirect costs may be budgeted in the application, indirect costs can only be *charged* to the grant based on *actual* expenditures of *direct* costs. Therefore, if the District does not expend all of its funds during the grant period, the *maximum* amount of indirect costs budgeted based on the total grant award cannot be charged to the grant. Prior to finalizing expenditures for the grant and submitting the final expenditure report to WVDE, the District adjusts the final amount charged to indirect costs based on the *actual* expenditure