



BUSINESS OFFICE PROCEDURES FOR STATE/FEDERAL AWARDS ADMINISTRATION

May 2025

Montcalm Area ISD
Business Office Procedures for Federal Awards Administration
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Montcalm Area ISD Business Office Procedures for Federal Awards Administration Overview

Purpose - This manual has been prepared to document Montcalm Area ISD(the “District”) general business procedures for administration of federal awards. Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance, 2 CFR 200) requires all subrecipients of federal funds to establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Written policies and procedures are part of the necessary internal controls and are required as a precondition to receiving federal funds. These policies and procedures are intended to be sufficiently comprehensive to adequately meet such requirements. However, in no case are these policies and procedures intended to supersede or limit federal or state laws or regulations, or the provisions of individual grant agreements.

Hierarchy of Authority - In the event that conflicting guidance on the administration of Federal awards is available, the District has deemed Federal guidance to be most authoritative, followed by guidance from the Michigan Department of Education (MDE), and finally other State or local agencies.

Revisions - Guidance provided by the Federal government through the OMB Compliance Supplement and guidance provided by MDE through the Michigan School Accounting Manual are expected to be updated each year. Such updates are considered by the District as they become available, and policies and procedures will be revised accordingly.

The Associate Superintendent of Finance is authorized and required to establish and document operating procedures to ensure compliance with the provisions of federal and state regulations and the provisions of grant agreements. Such procedures are documented herein, and will be reviewed and updated as necessary, but not less than once every three years.

Training - District accounting and finance personnel, and program administrators of Federal awards will be provided the necessary training through various mechanisms, such as: (1) Reviewing monthly State Aid Financial Status Report Updates, accompanying State aid payments (2) consulting with the District’s auditors as needed for clarification, (3) participating in various training opportunities, such as those offered by appropriate professional organizations, (4) reviewing daily legislative updates from multiple sources, (5) Membership and participation in monthly meetings of the Michigan School Business Officials, (6) certification of respective positions by the Michigan School Business Officials, i.e.: Business Office Manager, Business Office Specialist, Chief Financial Officer, Human Resource Specialists, School Payroll Specialists and School Technology Management, and (7) coordination and collaboration with individuals performing similar job functions at similar school districts or others within the District

Compliance Failures - Compliance failures, whether noted internally by management or through the external audit process, will be addressed immediately by reviewing the reason for the failure with responsible personnel and devising an improved process to encourage compliance in the future. Refer to additional information in the “Training and Sanctions” section of this manual.

Montcalm Area ISD
Business Office Procedures and Federal Awards Administration
Financial Management Systems
General Accounting and Financial Management

It is the policy of Montcalm Area ISD (the “District”) to comply with all statutory, regulatory, and contractual requirements in the conduct of and accounting for its financial operations. The official books of record for the District will be maintained subject to the following provisions:

Board Policies. The following policies have been separately reviewed and approved by the Board of Education, and are incorporated here by reference:

- Board policy 6800 System of Accounting
- Board policy 6830 Audits

Business Office Procedures. The following procedures will be applied to the extent that they do not conflict with or contradict the Board policies listed above:

1. The District will account for its operations in accordance with the Generally Accepted Accounting Principles (GAAP) applicable to local units of government.
2. The District will comply with all applicable circulars issued by the Office of Management and Budget (OMB), including, but not limited to Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance, 2 CFR 200).
3. The District will comply with all contractual requirements detailed in its duly executed grant agreements with awarding agencies.
4. The Board of Education will contract annually with an independent CPA firm for the purposes of conducting the District’s external financial audit. To the extent that the District has expended federal awards in excess of the annual amount established, the District will have a single audit performed in accordance with the Uniform Guidance, 2 CFR 200.
5. To ensure continuing compliance with all applicable accounting requirements, the Board of Education may, at its discretion, contract with a CPA firm to provide internal auditing and/or consulting services.
6. The Associate Superintendent of Finance or designee shall be responsible for the maintenance of all accounting and financial records (including journals, timesheets, bank statements, audit reports, and similar documents). Such records shall be retained as required by contractual or regulatory requirements as described in the section of this manual titled “Records Retention”.

Montcalm Area ISD
Business Office Procedures and Federal Awards Administration
Financial Management Systems
Purchasing and Procurement

It is the policy of Montcalm Area ISD (the “District”) to ensure that all disbursements of District funds are properly reviewed and authorized, and consistent with sound financial management principles. In order to meet these objectives, all disbursements of District funds shall be subject to the following provisions:

Board Policies. The following policies have been separately reviewed and approved by the Board of Education, and are incorporated here by reference:

- Board policy 6320 Purchasing
- Board policy 6321 New School Construction, Renovation
- Board policy 6325 Procurement - Federal Grants/Funds
- Board policy 6420 Conflict of Interest - Legal Counsel, Advisors, or Consultants
- Board policy 6423 Use of Purchase Cards
- Board policy 6440 Cooperative Purchasing
- Board policy 6450 Local Purchasing
- Board policy 6460 Vendor Relations
- Board policy 6470 Payment of Claims
- Board policy 6550 Travel Payment & Reimbursement
- Board policy 6670 Trust and Agency Fund

Business Office Procedures. The following procedures will be applied to the extent that they do not conflict with or contradict the Board policies listed above:

1. To the extent practicable, the Business Office shall distribute micro-purchases (not to exceed \$15,000) equitably among qualified suppliers.
 2. The Business Office shall obtain rate quotations for small purchases (\$15,000- Current State Threshold) of supplies, sealed bids (state competitive bid threshold), or competitive proposals (state competitive bid threshold) for goods and services, as specified by Board policy and State law.
 3. For small purchases of supplies charged to federal grants (purchases over \$15,000 and under the competitive bid threshold), the Business Office shall obtain an adequate number of qualified sources for rate quotations, and no cost or price analysis.
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1. If the competitive bid threshold issued by the State of Michigan Department of Education differs with Board policy, the lower threshold will be utilized. This applies to the activities below under the relevant sections of the Revised School Code. The Associate Superintendent of Finance will be responsible for obtaining information on the annual adjustments to these amounts corresponding to changes in the Consumer Price Index (CPI) as published by MDE.
 - a. Contracts will be awarded to the responsible firm whose proposal is most advantageous to the program.

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Business Office Procedures and Federal Awards Administration
Financial Management Systems
Purchasing and Procurement (Continued)

Expenditure Type	Michigan Revised School Code Section
Intermediate School District (ISD) travel expenditures	620
ISD procurement of supplies, materials, and equipment	623a
ISD award value limit	634 and 1814
ISD gift value limit (monthly)	634
School building construction, addition, renovation, or repair	1267
School District or Public-School Academy procurement of materials, and equipment	1274

2. Purchases made with federal funds in excess of \$250,000 will require cost or price analysis, including independent estimates.
3. Disbursements will be supported by approved vendor invoices. The approved invoice will be scanned and attached in the Munis.
4. Checks are sequentially numbered by the financial software package and verified during check runs. Unused check stock is stored in the Business Office. Since the entire check form/image is generated through the printing process (i.e., the check stock is blank), it will not be deemed necessary to use a physically secure location. Checks will be endorsed by MICR during the printing process.
5. Claims and invoices will be paid timely based on the conditions of the vendor invoice. It will not be considered acceptable to incur late and/or finance charges on invoice payment.
6. Checks will only be made payable to a specific payee. It is prohibited to issue a check to “cash” or “bearer”. Similarly, it is prohibited to sign a blank check.
7. When an employee incurs work-related expenses to be reimbursed by the District, the following requirements apply:
 - a. The Business Office will develop a standard employee expense report reimbursement form which will be made available to all employees through the District’s website. All employee expense reimbursements are required to be made using this standard form.
 - b. The employee expense report will be signed by both the employee and the employee’s direct supervisor (or other administrator knowledgeable of the employee’s work activities).
 - c. Receipts will be attached to the expense report for all expenses (excluding mileage).
 - d. An employee will not be reimbursed for any expense that is disallowed by Federal cost principles.

Montcalm Area ISD
Business Office Procedures and Federal Awards Administration
Financial Management Systems

Purchasing and Procurement (Concluded)

- e. Expense reports will be submitted to the immediate supervisor for review and approval. Expense reports of the Superintendent will be submitted to the Associate Superintendent of Finance for review and approval. It will not be acceptable for any employee to approve his/her own expense report.
 - f. Approved expense reports will be submitted to the Business Office who will verify that expenses are appropriate and supporting documentation is attached.
 - g. The Business Office will not process any expense reimbursements for payment until all necessary signatures have been obtained.
8. Voided checks will be marked "VOID" and retained.
9. The Associate Superintendent of Finance will be responsible for compiling information on disbursements and presenting this information to the Board of Education at its monthly meetings. This information will include:
- a. Detailed listing of payments made by check, wire, ach, or purchase card, including check number, invoice number, vendor name, payment description and amount.

Montcalm Area ISD
Business Office Procedures for Federal Awards Administration
Financial Management Systems
Cash Receipts

In order to safeguard the funds of the District, cash receipts will be deposited promptly and in-tact according to the following policies:

Board Policies. The following policies have been separately reviewed and approved by the Board of Education, and are incorporated here by reference:

- Board policy 6110 Grant Funds
- Board policy 6112 Cash Management

Business Office Procedures. The following procedures will be applied to the extent that they do not conflict with or contradict the Board policies listed above:

1. The MAISD/LEA Business Office Specialist or designee will initially receive checks. They will log each check into a Cash Receipt Log (Excel Spreadsheet). The log will have the date received, issuer, check number and check amount. A copy of the check is made, and then the check and copy are given to the Fiscal Service Manager, who prepares the deposit for the bank. Cash deposits are taken to the bank by the Fiscal Services Manager. Deposits consisting of checks are scanned into the bank by the Fiscal Services Manager.
 - a. Each deposit is recorded by the Fiscal Services Manager in the Payment Journal of MUNIS. Backup is kept by deposit in file in the Business office.
2. Wire Transfers and ACH payments - Associate Superintendent of Finance prepares a schedule of grant draws at least on a quarterly basis. Fiscal Services Manager verifies the receipt of funds on the bank website and records the receipts in the Payment Journal of MUNIS. Backup is kept by deposit date in file in Business Office.
3. The LEA Business Manager or designee will do month end bank reconciliation. Bank reconciliation is reviewed and approved by the Associate Superintendent of Finance.

Montcalm Area ISD
Business Office Procedures for Federal Awards Administration
Financial Management Systems
Payroll and Timekeeping

The following provisions apply to the payment of employees and recording of time and effort (as required) in accordance with Federal Cost Principles.

Board Policies. The following policies have been separately reviewed and approved by the Board of Education, and are incorporated here by reference:

- Board policy 6114 Cost Principles - Spending Federal Funds
- Board policy 6116 Time and Effort Reporting
- Board policy 6510 Payroll Authorization/Procedures

Business Office Procedures. The following procedures will be applied to the extent that they do not conflict with or contradict the Board policies listed above:

1. Hourly employees are paid via an electronic time and attendance system or a paper timesheet. The time and attendance system reflects the following information:
 - a. The total number of hours worked each day
 - b. The use of any holiday, personal, vacation, sick, or other approved time off with pay
 - c. The total number of hours to be paid
 - d. The time and attendance is integrated with the payroll system
 - e. Employees have the ability to verify timecards on a weekly basis.
 - f. The allocation of hours between programs or departments should be based exclusively on the actual hours worked, and not be based on available budgets, or predetermined allocation schedules.
2. Salaried employees charged to a Federal grant will document time and effort according to one of the following methods. The method used by the employee shall be pre-approved by the Fiscal Services Manager.
 - a. The employee may document time and effort using a timesheet as described above. Timesheets must account for the total activity for which the employee is compensated and be signed by the employee. It will not be acceptable for timesheets to include the hours worked on Federal grants only. *(This option is for those following the new Uniform Guidance, 2 CFR 200).*

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Business Office Procedures and Federal Awards Administration
Financial Management Systems
Payroll and Timekeeping (Concluded)

- b. Or the employee may complete personnel activity reports. Such reports will be prepared at least monthly to coincide with specific pay periods, reflect an after-the-fact distribution of the actual activity of the employee, account for the total activity for which the employee is compensated, and be signed by the employee. *(Districts with split-funded personnel may want to utilize this option to ensure MDE compliance). Split funded personnel may not have to fill out PARs if the different funding sources are within the same cost objective (i.e., counselors, school improvement activities, Para pros working with struggling learners, etc.)*
 - c. Budgets, lesson plans, and calendars/daily planners will not be deemed allowable documentation to support personnel costs and therefore will not be accepted by the Business Office.
 - d. It is the responsibility of the employee being charged to a Federal award(s) to clarify documentation requirements with the Fiscal Services Manager and provide appropriate documentation to the Business Office as it becomes available. The employee should retain a copy of the documentation for his/her personal records.
3. Salaried employees who work 100 percent of their time on a single Federal award or cost objective (regardless of the availability of Federal funding) shall have the option to complete semi-annual time certifications or personnel activity reports (described above). The certifications will be prepared at least semi-annually and signed by either the employee and/or a supervisory official having first-hand knowledge of the work performed by the employee.
- Certifications should never be signed prior to the end date of the period being certified. Each certification should be provided to the Business Office when available.
4. District semi-annual certifications or personnel activity reports are available via request in the business office.

Montcalm Area ISD
Business Office Procedures for Federal Awards Administration
Financial Management Systems
Bank Reconciliations

The following procedures will apply to the reconciliation of bank accounts:

Business Office Procedures.

1. Bank reconciliations will be performed monthly for each bank account by the Fiscal Services Manager.
2. Bank reconciliations should be completed within 4 weeks of the month-end.
3. If not independently reviewed and approved already, interbank transfers, ACH receipts, and EFT payments recorded through general journal entry will be verified as part of the bank reconciliation process.
4. Bank reconciliations will be subject to review and approval by the Associate Superintendent of Finance

Montcalm Area ISD
Business Office Procedures for Federal Awards Administration
Financial Management Systems
Journal Entries and Non-Routine Transactions

The District will occasionally need to record a general journal entry or other non-routine transaction. Such transactions may relate to Federal awards. The following procedures apply to all general journal entries:

Business Office Procedures.

1. General journal entries will be an allowable transaction type for recording: corrections and adjustments, accruals and reversing entries, interfund activity, interbank activity to the extent that the entries can be reasonably supported.
2. Backup documentation will be scanned and attached to journal entries, as appropriate.
3. Each journal entry will be processed through electronic workflow approval.
4. The ability to post general journal entries in the accounting system will be limited to the Associate Superintendent of Finance.

Montcalm Area ISD
Business Office Procedures for Federal Awards Administration
Financial Management Systems
Investments

The following policies and procedures will apply to the purchase, safekeeping, and recordkeeping of the District's investments.

Board Policies. The following policies have been separately reviewed and approved by the Board of Education, and are incorporated here by reference:

- Board policy 6144 Investments

Business Office Procedures. The following procedures will be applied to the extent that they do not conflict with or contradict the Board policies listed above:

Purchasing

1. Authorization for acquisition and disposition of investments is vested with the Superintendent and Associate Superintendent of Finance.
2. The Associate Superintendent of Finance is charged with the responsibility of determining that investments are of the character and type permitted by legal requirements and that the income earned is dispersed for authorized purposes.

Safekeeping

3. All persons having access to securities are authorized by the Board of Education.
4. All securities will be held in the name of the District.

Recordkeeping

5. Detailed records will be maintained for all investments including:
 - a. Date of acquisition, identification, purchase amount/cost
 - b. Physical location
 - c. Interest/dividend/income rates and accrual/receipt dates
 - d. Ownership by fund
6. Detailed records will be periodically reconciled to the general ledger control accounts and to safekeeping statements by the Fiscal Services Manager.
7. Investment income is recorded on a timely basis. Investment earnings are credited to the fund "owning" the investment. Any adjustments of investment accounts are approved by the Associate Superintendent of Finance
8. Calculations of fair value and investment income will be periodically reviewed for accuracy by the Associate Superintendent of Finance

Montcalm Area ISD
Business Office Procedures for Federal Awards Administration
Financial Management Systems
Capital Assets

The following provisions will govern the purchasing, accounting, and inventory of capital assets:

Board Policies. The following policies have been separately reviewed and approved by the Board of Education, and are incorporated here by reference:

- Board policy 6321 New School Construction, Renovation
- Board policy 6800 System of Accounting
- Board policy 7240 Site Acquisition
- Board policy 7300 Disposition of Real Property
- Board Policy 7310 Disposition of Surplus Property
- Board Policy 7450 Property Inventory
- Board Policy 7455 Accounting System For Fixed Assets

Business Office Procedures. The following procedures will be applied to the extent that they do not conflict with or contradict the Board policies listed above:

1. *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.
2. Procurement of capital assets will be governed by the Board of Education's procurement and purchasing policies.
3. Donated capital assets will be recorded at estimated acquisition cost at the date of donation.
4. Purchases of capital assets will be recorded as capital outlay expenditures in the governmental fund financial statements and capitalized as noncurrent assets in the government-wide statements. Donated capital assets will be recorded as a government-wide adjustment only. All capital assets will be depreciated using the straight-line method over estimated useful lives.
5. Capital asset purchases financed through bonds payable will be made in compliance with the *Bulletin for School District Audits of Bonded Construction and of Sinking Funds* issued by the State of Michigan Department of Treasury.
6. Capital assets with useful lives (i.e., excluding land and construction in progress) will be depreciated using a consistent and systematic approach allowable under GAAP or as specified by Board policy.
7. Construction or other capital projects in progress at year-end will be reported as "construction in progress" until the related asset is placed into service. No depreciation expense will be incurred on such assets. Outstanding construction commitments at year-end will be disclosed in the audited financial statements.
8. If the District determines that depreciation expense cannot be reasonably allocated by function, it will be deemed allowable to report all or a portion of depreciation expense as "Depreciation - unallocated" in the government-wide statement of activities, to the extent that this approach remains allowable under GAAP.

Montcalm Area ISD
Business Office Procedures for Federal Awards Administration
Financial Management Systems
Capital Assets (Concluded)

9. The District may outsource the maintenance of depreciation schedules to a third-party consultant or its external auditors. In those instances, the Associate Superintendent of Finance will identify additions (along with the estimated useful lives) and disposals.
10. To the extent that capital assets are purchased with Federal funds, such items will be flagged as “Federally-funded” in the financial accounting records in order to ensure the appropriate use of proceeds on sale (if applicable) in accordance with Federal guidelines.
11. To the extent that the District has purchased capital assets with Federal funds, a complete inventory will be completed not less than once every two years. Assets purchased with federal funds will be tagged accordingly (grant name, etc.) As part of this process:
 - a. A detailed listing of capital assets from the financial accounting records will be provided to building principals and other department heads for input on accuracy, completeness, and existence of assets. Inconsistencies will be investigated and resolved, and the financial accounting records will be adjusted accordingly.
 - b. Remaining useful lives of capital assets will be reviewed for reasonableness and adjusted when considered necessary and appropriate.
 - c. A description of what the asset will be used for and where it will be located will be included in the inventory.
12. Other policies and procedures related to compliance with the provisions of the OMB compliance supplement are included within this manual in the section titled “Equipment and Real Property Management”.

Montcalm Area ISD
Business Office Procedures for Federal Awards Administration
Financial Management Systems
Grant Administration

Board Policies. The following policies have been separately reviewed and approved by the Board of Education, and are incorporated here by reference:

- Board policy 6110 Grant Funds

Business Office Procedures. The following procedures will be applied to the extent that they do not conflict with or contradict the Board policies listed above:

1. Grant Development, Application, and Approval -

- a. Legislative Approval - The point at which legislative approval is required is determined by the requirements of the grant program. If the grant must be submitted by “an individual authorized by the legislative body”, then Board of Education approval is required prior to submitting the application. If such legislative approval is not specifically required by the written terms of the grant, then the Superintendent or his/her designee may, at his or her discretion, approve grant applications.
- b. Matching Funds - Grants that require cash local matches must be coordinated through the Business Office. At a minimum, funds must be identified within the existing budget to provide the match, or a budget amendment will be required. Depending on the nature of the grant, there may also be some policy implications that will bear discussion. (For example, will the grant establish a level of service that cannot be sustained once the grant funds are depleted?)

In all cases involving matching funds, the grant applicant should contact the Business Office to determine the strategy for securing matching funds.

Refer to the section within this manual titled “Matching, Level of Effort, and Earmarking” for additional information on compliance with the provisions of the OMB Compliance Supplement.

- c. Grant Budgets - Most grants require the submission of an expenditure budget. The Fiscal Services Manager should review this portion of the grant request prior to submission. Frequently, a technical review will discover inconsistencies in the calculations, cost centers that might have been overlooked, or identify reimbursable expenses of which program staff may not be aware—particularly in the indirect cost area.

Grant applicants should contact the Fiscal Services Manager to request a technical review of a grant proposal budget.

Montcalm Area ISD
Business Office Procedures for Federal Awards Administration
Financial Management Systems
Grant Administration (Continued)

2. Grant Program Implementation -

- a. Notification and Acceptance of an Award - Official notification of a grant award is typically sent by a funding agency to the program director and/or other official designated in the original grant proposal. However, the authorization to spend grant funds is derived from the Board of Education through the approval of a grant budget.

Adoption of the grant budget as a component of the District-wide operating budget is deemed to be sufficient approval.

- b. Establishment of Accounts - The department that obtained the grant will work in coordination with the Fiscal Services Manager to establish revenue and expense accounts for the project. Ordinarily, this information will include a copy of a summary of the project and a copy of the full project budget.

To the extent that the grant awarded is included in the Michigan School Accounting Manual, such guidance will be followed without exception.

- c. Purchasing Guidelines - All other District purchasing guidelines apply to the expenditure of grant funds. The use of grant funds does not exempt any purchase from normal purchasing requirements. All typical paperwork and bidding requirements apply. All normal staff approvals apply. When in doubt, the program director should contact the Fiscal Services Manager for further assistance.

3. Financial and Budgetary Compliance -

- a. Monitoring Grant Funds - Departments may use some internal mechanism (such as a spreadsheet) to monitor grant revenues, expenditures, and budgetary compliance. The Fiscal Services Manager maintains all this information in Munis as well, and this is considered to be the District's "official" accounting system by the granting agencies. Program Directors are strongly encouraged to use general ledger reports from Munis.
- b. Fiscal Years - Occasionally, the fiscal year for the granting agency will not coincide with the District's fiscal year. This may require adjustments to the District's internal budget accounts and interim financial reports as well as special handling during fiscal year-end close.

Montcalm Area ISD
Business Office Procedures for Federal Awards Administration
Financial Management Systems
Grant Administration (Concluded)

- c. Grant Budgets - When the general ledger accounting structure for a grant is designed, it may include the budget that was prepared when the grant application was submitted. The terms of each specific grant will dictate whether any budget transfers between budgeted line items will be permitted.

If grant funds have not been totally expended by fiscal year-end, the Fiscal Services Manager will work with the program director to develop the carryover budget. Carryover of grant funds will be subjected to maximum allowable amounts/percentages based on the grant award agreement and/or the OMB Compliance Supplement. The difference in carryover timelines between state and federal funds will be reviewed. Some state programs have defined carryover periods that are found in state legislation rather than the Uniform Guidance, 2 CFR 200 or other federal compliance documents.

- d. Capital Assets - The District is responsible for maintaining an inventory of assets purchased with grant monies. The District is accountable for them and must make them physically available for inspection during any audit. The Fiscal Services Manager must be notified immediately of any sale of these assets. Customarily, the proceeds of the sale can only be used on the grant program that purchased them. (Refer to the specific regulations and CFR 200.443 for more information on assets purchased with federal funds).

The Fiscal Services Manager will coordinate this grant requirement. All transactions that involve the acquisition or disposal of grant funded fixed assets must be immediately brought to the attention of the Fiscal Services Manager. Refer to the sections of this manual titled "Capital Assets" and "Equipment and Real Property Management" for additional information.

4. Record Keeping -

- a. Audit Workpapers - The District's external auditors audit grants at the end of each fiscal year. The Business Office will work to prepare the required audit workpapers. Program Directors may be asked to assist in this process, if necessary.
- b. Record Keeping Requirements - Grant record keeping requirements may vary substantially from one granting agency to another. Consequently, a clear understanding of these grant requirements at the beginning of the grant process is vital. The Business Office will maintain copies of all grant draw requests, and approved grant agreements (including budgets). The Program Director should maintain all other records.

Refer to this section of this manual titled "Records Retention" for additional information.

5. Other Guidelines - Specific information on policies and procedures related to compliance with the provisions of the OMB Compliance Supplement have been addressed later in this manual and should be considered along with the information in this section.

Montcalm Area ISD
Business Office Procedures for Federal Awards Administration
Financial Management Systems
Year-end Closing and Reporting

The following provisions will govern the year-end close-out process of the District for purposes of external financial reporting:

Board Policies. The following policies have been separately reviewed and approved by the Board of Education, and are incorporated here by reference:

- Board policy 6800 System of Accounting
- Board policy 6830 Audits

Business Office Procedures. The following procedures will be applied to the extent that they do not conflict with or contradict the Board policies listed above:

1. In accordance with the Michigan Department of Education requirement, the District's fiscal year end for external reporting purposes will be June 30.
2. Accruals will be recorded as needed to ensure that revenues and expenditures are reported in the appropriate accounting period:
 - a. Accounts Payable Disbursements - Invoices for goods or services received during the previous fiscal year will be recorded as expense/accounts payable as of June 30. Such determinations will be made by the Accounts Payable Manager and reviewed for accuracy and completeness by the Associate Superintendent of Finance or designee.
 - b. Payroll-related Accruals - Costs of hourly personnel paid after June 30 for services performed during the previous year will be recorded as expenditures/salaries payable on June 30. The amount will be based on hours worked during the fiscal year multiplied by the employee's hourly rate. Additional consideration will be made for FICA taxes, retirement benefits, health insurance, and related employee benefits.

Salaried teachers and other employees working during the academic year only may elect to receive their annual salary over the course of the academic year or over the course of the 12 months ended August 31 of each year. In the former, all salary payments will have been made prior to June 30 and no additional accrual is necessary. In the latter, the difference between the total salary and the amount paid through June 30 will be recorded as expense/salaries payable at June 30 since the period of service is complete at that time. Additional consideration will be made for FICA taxes, retirement, health insurance, and related employee benefits.

Payroll accruals will be prepared and documented by the Fiscal Services Manager and Payroll Manager and reviewed by the Associate Superintendent of Finance.

Montcalm Area ISD
Business Office Procedures for Federal Awards Administration
Financial Management Systems
Year-end Closing and Reporting (Continued)

- c. Prepays - Payments made prior to year-end that cover goods or services to be received in a future period will be recorded as prepaid items as of June 30. The District may elect to not record prepaid items in governmental funds in accordance with GASB Codification 1600.127 *Other Expenditure Recognition Alternatives*.
 - d. Inventory - If deemed material, a physical inventory of school building supplies and materials will be performed after the completion of the academic school year. Amounts will be valued at current cost and provided to the Business Office for review and adjustment in the general ledger. Certain inventories may be stored at third-party locations. In order to appropriately account for these items, the District will contact the third-party at year-end for verification of the quantity of product on hand.
 - e. Receivables - General - Cash received after year-end for which a good or service was provided during the previous fiscal year will be recorded as revenue/accounts receivable. All such adjustments will be supported by appropriate documentation, such as remittance advice or dated subledgers.
 - f. Receivables - Grant - After all year-end expense accruals have been recorded, an entry will be recorded for the difference between grant expenditures and related grant receipts as of June 30 as revenue/grants receivable. Grant receivables will only be recorded to the extent that sufficient amounts remain in the grant award. Expenditures that will not be reimbursed through grant awards due to lack of available funding will be transferred to a non-grant cost center.
 - g. Receivables - State Aid - State Aid is provided to Michigan School Districts in 11 (eleven) installments from October through August. Therefore, since the July and August State Aid receipts are intended to finance the previous fiscal year, such amounts will be recorded as revenue/receivable on June 30.
3. The preparation of the year-end financial statements in accordance with GAAP will be outsourced to the independent external auditors, based on the District's trial balance. The draft financial statements provided by the auditors will be reviewed in detail by the Associate Superintendent of Finance along with any audit-proposed journal entries, to ensure that the audited financial statements agree with the District's books and records.
- Refer to the policy on "audits" within this manual for further information on audit requirements and related School policies.
4. To the extent that the District is required to have a single audit completed in accordance with the Uniform Guidance, 2 CFR 200, the District will accumulate the information necessary to prepare a schedule of expenditures of federal awards (SEFA or the "schedule") in accordance with Federal and State requirements. This schedule will be characterized as follows:

Montcalm Area ISD
Business Office Procedures for Federal Awards Administration
Financial Management Systems
Year-end Closing and Reporting (Concluded)

- a. Non-cash assistance (such as food commodities) will be described as such in the schedule or in the notes to the schedule.
- b. The schedule will be prepared on the same basis of accounting as the related financial statements.
- c. Federal grants received through the Michigan Department of Education will agree to, or reconcile with, the Grant Auditor Report, as applicable.
- d. Federal awards will be grouped based on the Federal awarding agency. Each Federal award with current expenditures will be listed along with its CFDA number, pass-through grantor name (if applicable) and award/pass-through grantor number (if applicable). Such information will agree with the award documentation.
- e. If the CFDA number of a Federal award cannot be reasonably determined, it shall be reported in the schedule using the two-digit prefix for the related Federal agency, followed by "UNKNOWN".
- f. To the extent that amounts are passed through to subrecipients, a schedule of federal awards provided to subrecipients, including all necessary information to meet the requirements of the Michigan Department of Education, will be prepared. *[ISD requirement only]*
- g. In addition to current year expenditures, the schedule will list approved award/grant amount, accrued/unearned revenue at the beginning of the year, current year cash received, current year actual expenditures, accrued/unearned revenue at the end of the year, and the dollar amount provided to subrecipients. If expenditures were incurred relative to this award in the prior year(s), this amount should be disclosed as memorandum-only.
- h. Any adjustments to prior year awards, expenditures, and balances (including transfers between grants) will be disclosed in the footnotes to the schedule.
- i. Accrued/unearned revenue in the schedule shall agree to the amounts recorded in the related financial statements.
- j. To the extent that a separate line item is included in the financial statements for Federal revenue, this amount shall agree to expenditures in the schedule. Any reconciling items will be disclosed in the footnotes to the schedule.
- k. The footnotes to the schedule will disclose the significant accounting policies used in preparing the schedule and the fact that management has utilized the MDE Cash Management System (CMS) Grant Auditor Report (GAR) in preparing the schedule. The footnotes will also indicate whether the de minimis rate for indirect costs has been utilized.

Montcalm Area ISD
Business Office Procedures and Federal Awards Administration
Michigan Department of Education Requirements
Chart of Accounts

Montcalm Area ISD will maintain its chart of accounts in accordance with the requirements of the Michigan School Accounting Manual.

Board Policies. The following policies have been separately reviewed and approved by the Board of Education, and are incorporated here by reference:

- Board policy 6800 System of Accounting

Business Office Procedures. The following procedures will be applied to the extent that they do not conflict with or contradict the Board policies listed above:

1. Each account will be assigned a 26-digit number, as follows:

Fund	Major Class	Suffix	Function	Object	Program	State Code	School	Other
XX	XXX	XXXX	XXX	XXXX	XXX	XXXX	XXXXX	XXXX

Numbers assigned to each category above will be based on the specific requirements of the School Accounting Manual.

2. As applicable, Federal awards revenue and expenditures will be assigned certain program codes.
3. The chart of accounts will facilitate the preparation of the Financial Information Database (FID) and will agree to the audited financial statements.
4. A complete chart of accounts for GASB 34 adjustments will not be maintained formally within the District's accounting system. Such adjustments are made once per year, for external financial reporting only, and therefore will be determined through use of separate spreadsheets and integrated into the audit by the District's independent auditors. The Associate Superintendent of Finance will review all such adjustments for accuracy prior to the issuance of the audited financial statements.

Montcalm Area ISD
Business Office Procedures for Federal Awards Administration
Michigan Department of Education Requirements
Annual Audit

Every Michigan public school must have a financial statement audit completed each year by a certified public accounting firm.

Board Policies. The following policies have been separately reviewed and approved by the Board of Education, and are incorporated here by reference:

- Board policy 6800 System of Accounting
- Board policy 6830 Audit

Business Office Procedures. The following procedures will be applied to the extent that they do not conflict with or contradict the Board policies listed above:

1. The District will have a financial statement audit completed annually as of its fiscal year ended June 30.
2. The audit will be completed in accordance with *Government Auditing Standards* (the “Yellow Book”).
3. An adequate written agreement (the “engagement letter”) will be signed by the District and its independent auditors. It will contain information on period to be audited, support to be provided, reporting requirements, fees, time requirements, contractual information, and a statement that the engagement is intended to meet governmental oversight agencies’ requirements (Michigan School Auditing Manual, OMB, GAAS, and GAS). A copy of the engagement letter will be provided each year to the Board of Education.
4. The Associate Superintendent of Finance shall be responsible for overseeing the process of preparing for the annual audit. In order to minimize errors in this process, all audit schedules and workpapers should be reviewed by an individual other than the preparer.
5. To the extent that expenditures of federal awards equal or exceed the annual threshold, the District will also have a single audit completed in accordance with CFR 200.501. Refer to the section of this manual titled “Year-end Closing and Reporting” for information on the schedule of expenditures of federal awards.
6. The audit will be submitted electronically to the Michigan Department of Education Office of Audits (MDE-FinAudit@michigan.gov) on or before November 1 of each year.
7. If a single audit is conducted, the data collection form and reporting package will be submitted electronically to the Federal Audit Clearinghouse as a joint effort between the District and its independent auditors.
8. The District will prepare a written corrective action plan for any findings identified in the audit process.

Montcalm Area ISD
Business Office Procedures for Federal Awards Administration
Michigan Department of Education Requirements
Annual Audit (Concluded)

9. If the District issues general obligation bonds to finance capital projects, a bond audit will be performed by the District's independent auditors within 120 days of substantial completion of the project. The bond audit will be submitted to the Michigan Department of Treasury.

Montcalm Area ISD
Business Office Procedures for Federal Awards Administration
Michigan Department of Education Requirements
Budgets and Budgetary Compliance

Montcalm Area ISD (the “District”) uses budgets and budgetary accounting in order to fulfill its requirements from the Michigan Department of Education and as an internal management tool for monitoring expenditures and identifying abnormalities. Policies and procedures regarding the budgetary process are as follows:

Board Policies. The following policies have been separately reviewed and approved by the Board of Education, and are incorporated here by reference:

- Board policy 6210 Fiscal Planning
- Board policy 6220 Budget Preparation
- Board policy 6230 Budget Hearing
- Board policy 6231 Budget Implementation
- Board policy 6850 Public Disclosure and Reporting

Business Office Procedures. The following procedures will be applied to the extent that they do not conflict with or contradict the Board policies listed above:

1. An operating budget will be prepared for the general fund and each special revenue fund consistent with GAAP and the uniform chart of accounts (see previous section titled “Chart of Accounts”).
2. The minimum level of legal control will be determined based on the specification of the Michigan School Accounting Manual.
3. In accordance with MCL 141.411-415 and MCL 15.261-275, a public hearing on the budget will be held prior to formal adoption by the Board of Education.
4. The budget will be formally adopted by the Board of Education prior to the commencement of the fiscal year.
5. The adopted budget will include:
 - a. Revenue and expenditure data for the most recently completed fiscal year and estimated revenue and expenditures for the ensuing fiscal year.
 - b. The amount of surplus or deficit that has accumulated from the prior fiscal year, along with an estimate of the amount of surplus or deficit expected in the current fiscal year.
 - c. An estimate of the amounts needed for deficiency, contingent, or emergency purposes. If possible, a short contingency plan will accompany this piece.
 - d. Other data relating to fiscal conditions that the Superintendent deems to be useful.
6. The budget will be amended by the Board of Education, as necessary, throughout the fiscal year. No budget amendments will be allowable after year-end.

Montcalm Area ISD
Business Office Procedures for Federal Awards Administration
Michigan Department of Education Requirements
Budgets and Budgetary Compliance (Concluded)

7. In no instance will the total estimated expenditures, including an accrued deficit, exceed the total revenues, including available unappropriated surplus.
8. The budgets will be posted to the District's website within 15 days of formal adoption.
9. Expenditures in excess of budget at the legal level of compliance will be disclosed in the annual audit.
10. The original budget, final amended budget, actual expenditures, and excess of expenditures over budget will be included for the general fund and each major special revenue fund in the annual audit.
11. Each Federal grant will have an award budget, which will be incorporated into the District-wide operating budget.
12. Management will review budget vs. actual reports on a periodic basis with the Board of Education in order to identify inconsistencies. Such reports will be prepared at the same as the adopted budget and include both revenues and expenditures.

Montcalm Area ISD
Business Office Procedures for Federal Awards Administration
Michigan Department of Education Requirements
Additional Federal Awards Compliance Requirements

A substantial amount of the Federal awards received by the Montcalm Area ISD are passed-through the Michigan Department of Education. In addition to the requirements of the OMB compliance supplement, which are applicable to all Federal grants (refer to next section of this manual for specific on each compliance requirement), the Michigan Department of Education has issued its own set of guidance on compliance with Federal awards. Management will consider both the OMB Compliance Supplement and the Michigan Department of Education School Auditing Manual in identifying applicable compliance requirements.

Montcalm Area ISD
Business Office Procedures for Federal Awards Administration
OMB Compliance Supplement
General Information

Source of Information - Each year the Federal government (Office of Management and Budget) issues a comprehensive document on the compliance requirements each grant recipient is obligated to follow in general terms, along with program-specific guidance on various grant awards. There are twelve compliance requirements identified, each of which is considered individually in this manual.

The following pages document the policies and procedures of the District related to compliance with such procedures, as applicable. In each year that the District is subject to a single audit, applicable compliance requirements are expected to be tested in detail by the District's independent auditors.

Objectives - The objectives of most compliance requirements are generic in nature. While the criteria for each program may vary, the main objective of the compliance requirement is relatively consistent across all programs. As such, the policies and procedures of the District have been based on the generic sense of the compliance requirement. For selected compliance requirements, this manual addresses the specific regulations applicable to individual grants. This is not intended to imply that a program is not subject to such policies if it is not specifically mentioned here. It is the intention of the District that all Federal awards are subject to the following procedures.

Controls over Compliance - In addition to creating policies and procedures over compliance with provisions of Federal awards, the District has implemented internal controls over such compliance, generally in the form of administrative oversight and/or independent review and approval. In order to document these control activities, all independent reviews were signed/initiated and dated.

Documentation - The District will maintain adequate documentation to support both the compliance with applicable requirements as well as internal controls over such compliance. This documentation will be provided to the District's independent auditors and/or pass-through grantor agencies, as requested, during the single audit and program audits.

Board Policies. The following policies have been separately reviewed and approved by the Board of Education, and are incorporated here by reference:

- Board policy 6110 Grant Funds

Montcalm Area ISD
Business Office Procedures for Federal Awards Administration
OMB Compliance Supplement
Activities Allowed/Not Allowed and Allowable Costs/Cost Principles

Source of Governing Requirements - The requirements for activities allowed or unallowed are contained in program legislation, Federal awarding agency regulations, and the terms and conditions of the award.

The requirements for allowable costs/cost principles are contained in Uniform Guidance 2 CFR 200, program legislation, Federal awarding agency regulations, and the terms and conditions of the award.

Board Policies. The following policies have been separately reviewed and approved by the Board of Education, and are incorporated here by reference:

- Board policy 6114 Cost Principles - Spending Federal Funds
- Board policy 6320 Purchasing
- Board policy 6325 Procurement - Federal Grants/Funds

Business Office Procedures. The following procedures will be applied to the extent that they do not conflict with or contradict the Board policies listed above:

1. All grant expenditures will be in compliance with the Uniform Guidance, 2 CFR 200, State law, District policy, and the provisions of the grant award agreement will also be considered in determining allowability. Grant funds will only be used for allowable costs and costs must meet the following general criteria to be allowable under Federal awards:
 - a. Be reasonable and necessary for the performance of the program and allocable thereto (see detail below).
 - b. Conform to any limitations or exclusions set forth in applicable regulations or in the award itself.
 - c. Be consistent with policies and procedures that apply uniformly to federally financed activities and other activities of the non-Federal entity; and
 - d. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
 - e. Not be included as a cost or used to meet cost sharing or matching requirements of any other federally financed program in either the current or a prior period.
 - f. Be adequately documented.
2. A cost is reasonable if it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. In determining reasonableness of a given cost, consideration must be given to:
 - a. Whether the cost is ordinary and necessary for the proper and efficient performance of the Federal award.

Montcalm Area ISD

Business Office Procedures for Federal Awards Administration
OMB Compliance Supplement
Activities Allowed/Not Allowed and Allowable Costs/Cost Principles
(Concluded)

- b. The requirements imposed by such factors as: sound business practices; arms-length bargaining; Federal, state, local, tribal, and other laws, and regulations; and
 - c. Market prices for comparable goods or services.
- 3. A cost is allocable to a particular Federal award if the goods or services involved are chargeable or assignable to that Federal award in accordance with the relative benefits received. This standard is met if the cost:
 - a. Is incurred specifically for the Federal award:
 - b. Benefits both the Federal award and other work of the non-Federal entity and can be distributed in proportions that may be approximated using reasonable methods; and
 - c. Is necessary to the overall operation of the non-Federal entity and is assignable in part to the Federal award.
- 4. Applicable credits refer to those receipts or reduction of expenditure type transactions that offset or reduce expense items allocable to the Federal award. To the extent that such credits relate to allowable costs, they must be credited to the Federal award either as a cost reduction or cash refund, as appropriate.

The Federal award may be subject to statutory requirements that limit the allowability of costs. Payments made for costs determined to be unallowable must be refunded (including interest) to the Federal Government unless Federal statute or regulation directs otherwise.

- 5. Department heads/program managers may approve grant expenditures initially through the purchase order process, and again with the bill or invoice is received. This will be evidenced by signature or initials and date on the invoice. Accounts payable disbursements will not be processed for payment by the Business Office until necessary approval has been obtained.
- 6. Payroll costs will be documented in accordance with the Uniform Guidance, 2 CFR 200 as described in the section of this manual titled "Payroll and Timekeeping".
- 7. Indirect costs will be charged to federal grants at the federally negotiated indirect cost rate (if available) or the de minimis rate of 10% permitted by the Uniform Guidance, 2 CFR 200. The selected rate will be applied to Modified Total Direct Costs (MTDC). The District may, at its discretion, choose to use all available grant funds for program purposes and not charge an indirect cost rate to a federal award.
- 8. To the extent that the District passes through federal awards to subrecipients, the District will review the subrecipient's grant budgets for compliance with allowable/unallowable costs.

Montcalm Area ISD

Business Office Procedures for Federal Awards Administration

OMB Compliance Supplement

Cash Management

Source of Governing Requirements - The requirements for cash management are contained in the Uniform Guidance 2 CFR 200, program legislation, Federal awarding agency regulations, and the terms and conditions of the award.

Board Policies. The following policies have been separately reviewed and approved by the Board of Education, and are incorporated here by reference:

- Board policy 6112 Cash Management of Grants

Business Office Procedures. The following procedures will be applied to the extent that they do not conflict with or contradict the Board policies listed above:

1. Substantially all of the District's grants are awarded on a reimbursement basis. As such, program costs will be expended and disbursed prior to requesting reimbursement from the grantor agency.
2. Cash draws will be initiated by the Associate Superintendent of Finance who will determine the appropriate draw amount. Documentation of how this amount was determined will be retained and signed/dated. The Fiscal Services Manager will review the draw amount and sign/initial the paperwork as evidence of the control.
3. The physical draw of cash will be processed in NexSys (for Michigan Department of Education grants) or through the means prescribed by the grant agreement for other awards by the Associate Superintendent of Finance.
4. Supporting documentation from NexSys (for grant through the Michigan Department of Education) or a copy of the cash draw paperwork will be filed along with the approved paperwork described above and retained for audit purposes.
5. To the extent that the District passes through federal awards to subrecipients, the District will make payments to subrecipients within 30 (thirty) calendar days after receipt of billing unless the District reasonably believes the request to be improper.

Montcalm Area ISD
Business Office Procedures for Federal Awards Administration
OMB Compliance Supplement
Equipment and Real Property Management

Source of Governing Requirements - The requirements for equipment are contained in the Uniform Guidance 2 CFR 200, program legislation, Federal awarding agency regulations, and the terms and conditions of the award.

Board Policies. The following policies have been separately reviewed and approved by the Board of Education, and are incorporated here by reference:

- Board policy 6320 Purchasing
- Board policy 6325 Procurement - Federal Grants/Funds
- Board policy 6800 System of Accounting
- Board policy 7240 Site Acquisition
- Board policy 7300 Disposition of Real Property
- Board Policy 7310 Disposition of Surplus Property
- Board Policy 7450 Property Inventory
- Board Policy 7455 Accounting System For Fixed Assets

Business Office Procedures. The following procedures will be applied to the extent that they do not conflict with or contradict the Board policies listed above:

1. All equipment will be used in the program for which it was acquired or, when appropriate, other Federal programs.
2. When required, purchases of equipment will be pre-approved by the grantor or pass-through agency.
3. Equipment records will be maintained, and an appropriate system shall be used to safeguard equipment, as described in the section of this manual titled "Capital Assets".
4. When equipment with a current per unit fair market value of \$5,000 or more is no longer needed for a Federal program, it may be retained or sold with the Federal agency having a right to a proportionate amount of the current fair market value. Proper sales procedures shall be used that provide for competition to the extent practicable and result in the highest possible return.

Montcalm Area ISD
Business Office Procedures for Federal Awards Administration
OMB Compliance Supplement
Matching, Level of Effort and Earmarking

Source of Governing Requirements - The requirements for matching are contained in Uniform Guidance, 2 CFR 200, program legislation, Federal awarding agency regulations, and the terms and conditions of the award. The requirements for level of effort and earmarking are contained in program legislation, Federal awarding agency regulations, and the terms and conditions of the award.

Montcalm Area ISD defines “matching”, “level of effort”, and “earmarking” consistent with the definitions of the OMB Compliance Supplement:

Matching or cost sharing includes requirements to provide contributions (usually non-Federal) or a specified amount or percentage of match Federal awards. Matching may be in the form of allowable costs incurred or in-kind contributions (including third-party in-kind contributions).

Level of effort includes requirements for (a) a specified level of service to be provided from period to period, (b) a specified level of expenditures from non-Federal or Federal sources for specified activities to be maintained from period to period, and (c) Federal funds to supplement and not supplant non-Federal funding of services.

Earmarking includes requirements that specify the minimum and/or maximum amount of percentage of the program’s funding that must/may be used for specified activities, including funds provided to subrecipients. Earmarking may also be specified in relation to the types of participants covered.

Business Office Procedures. The following procedures will be applied to the extent that they do not conflict with or contradict the Board policies listed above:

1. Compliance with matching, level of effort, and earmarking requirements will be the responsibility of the Fiscal Services Manager.
2. Adequate documentation will be maintained to support compliance with matching, level of effort, and earmarking requirements. Such information will be made available to school administration, auditors, and pass-through or grantor agencies, as requested.
3. Maintenance of effort for grants through the Michigan Department of Education will be determined at the State level.
4. Services provided in Title I schools will be at least comparable to services provided in non-Title I schools. Comparability will be based on the instructional staff/pupil ratios or the per pupil expenditures for instruction staff between equivalent grade span schools within the District.

Montcalm Area ISD
Business Office Procedures for Federal Awards Administration
OMB Compliance Supplement
Period of Performance

Source of Governing Requirements - The requirements for period of performance of Federal funds are contained in Uniform Guidance, 2 CFR 200, program legislation, Federal awarding agency regulations, and the terms and conditions of the award.

Board Policies. The following policies have been separately reviewed and approved by the Board of Education, and are incorporated here by reference:

- Board policy 6114 Cost Principles - Spending Federal Funds

Business Office Procedures. The following procedures will be applied to the extent that they do not conflict with or contradict the Board policies listed above:

1. Costs will be charged to an award only if the obligation was incurred during the funding period (unless pre-approved by the Federal awarding agency or pass-through grantor agency).
2. Compliance with the period of performance requirements will initially be assigned to the individual approving the allowability of the expense/payment. This will be subject to review and approval in the Business Office as part of the payment processing.
3. No more than 15 percent of the District's annual Title I allocation will be carried over to the subsequent year. In situations where the remaining unspent award exceeds this percentage, a waiver will be formally requested from the Michigan Department of Education.

Montcalm Area ISD
Business Office Procedures for Federal Awards Administration
OMB Compliance Supplement
Procurement, Suspension and Debarment

Source of Governing Requirements - The requirements for procurement are contained in Uniform Guidance, 2 CFR 200, program legislation, Federal awarding agency regulations, and the terms and conditions of the award.

The requirements for suspension and debarment are contained OMB guidance in 2 CFR part 180, which implements Executive Orders 12549 and 12689, Debarment and Suspension; Federal agency regulations Uniform Guidance, 2 CFR 200, program legislation; Federal awarding agency regulations; and the terms and conditions of the award.

Board Policies. The following policies have been separately reviewed and approved by the Board of Education, and are incorporated here by reference:

- Board policy 6325 Procurement - Federal Grants / Funds

Business Office Procedures. The following procedures will be applied to the extent that they do not conflict with or contradict the Board policies listed above:

1. Purchasing and procurement related to Federal grants will be subject to the general policies and procedures of the District (described in the section of this manual titled “Purchasing and Procurement”).
2. Contract files will document the significant history of the procurement, including the rationale for the method of procurement, selection of the contract type, contractor selection or rejection, and the basis of contract price.
3. Procurement will provide for full and open competition in accordance with 2 CFR 200.318 and 200.319.
4. The District is prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred.

“Covered transactions” include those procurement contracts for goods and services awarded under a non-procurement transaction (i.e., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other specified criteria. All non-procurement transactions (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions.

5. The District will ensure that compliance with suspension/debarment requirements through one of the following controls:
 - a. Including a suspension/debarment clause in all written contracts in which the vendor/contractor will certify that it is not suspended or debarred. The contract will also contain language requiring the vendor/contractor to notify the District immediately upon becoming suspended or debarred. This will serve as adequate documentation as long as the contract remains in effect.

Montcalm Area ISD
Business Office Procedures for Federal Awards Administration
OMB Compliance Supplement
Procurement, Suspension and Debarment (Concluded)

- b. Requiring vendors and contractors to sign a statement certifying that they are not suspended or debarred and agreeing to notify the District immediately upon being suspended or debarred. This would also serve as adequate documentation as long as the contract/vendor relationship remains in effect.
 - c. Periodically searching the federal excluded party's database at www.sam.gov and the State of Michigan debarred vendor list at:
<http://www.michigan.gov/micontractconnect/0,4541,7-225-48677-354349--,00.html>
for the vendor's name. Any potential match would be followed-up on immediately. A listing of the vendor's searches, and the date of the procedures would be retained.
6. If a vendor is found to be suspended or debarred, the District will immediately cease to do business with this vendor.

Montcalm Area ISD
Business Office Procedures for Federal Awards Administration
OMB Compliance Supplement
Program Income

Source of Governing Requirements - The requirements for program income are found in Uniform Guidance, 2 CFR 200, program legislation, Federal awarding agency regulations, and the terms and conditions of the award.

Board Policies. The following policies have been separately reviewed and approved by the Board of Education, and are incorporated here by reference:

- Board policy 6110 Grant Funds

Business Office Procedures. The following procedures will be applied to the extent that they do not conflict with or contradict the Board policies listed above:

1. Program income will include (but will not be limited to): income from fees for services performed, the use or rental of real or personal property acquired with grant funds, the sale of commodities or items fabricated under a grant agreement, and payments of principal and interest on loans made with grant funds. It will not include interest on grant funds unless otherwise provided in the Federal awarding agency regulations or terms and conditions of the award.
2. Montcalm Area ISD will allow program income to be used in one of three methods:
 - a. Deducted from outlays
 - b. Added to the project budget
 - c. Used to meet matching requirements

Absent specific guidance in the Federal awarding agency regulations or the terms and conditions of the award, program income shall be deducted from program outlays.

3. Program income, when applicable, will be accounted for as a revenue source in the same program code as the Federal grant. See additional information on the uniform chart of accounts in the section of this manual titled "Chart of Accounts".

Montcalm Area ISD
Business Office Procedures for Federal Awards Administration
OMB Compliance Supplement
Reporting

Source of Governing Requirements - Reporting requirements are contained in the following documents:

Uniform Guidance, 2 CFR 200, program legislation, Federal awarding agency regulations, and the terms and conditions of the award.

Business Office Procedures. The following procedures will be applied to the extent that they do not conflict with or contradict the Board policies listed above:

1. Reports will be submitted in the required frequency and within the required deadlines. For grants through the Michigan Department of Education, a final expenditure report will be filed within 60 days of the expenditure of all funds or within 60 days of the grant ending date, whichever comes first.
2. Reports will be completed using the standard forms (as applicable) and method of delivery (i.e., e-mail, grantor website, postal service, etc.).
3. Regardless of the method of report delivery, a copy of the submitted report will be retained along with any documentation necessary to support the data in the report. The report will evidence the date of submission in order to document compliance with timeliness requirements.
4. Financial reports will always be prepared based on the general ledger using the required basis of accounting (i.e., cash or accrual). In cases where financial data is tracked outside of the general accounting system (such as in spreadsheets or paper ledgers), this information will be reconciled to the general ledger prior to report submission.
5. Any report with financial-related data will either be prepared or reviewed by the Fiscal Services Manager or Associate Superintendent of Finance
6. Preparation of reports will be the responsibility of Fiscal Services Manager or Associate Superintendent of Finance. All reports (whether financial, performance, or special) must be reviewed and approved by the Associate Superintendent of Finance. Both the preparer and reviewer will sign or initial the report and retain this documentation.
7. Copies of submitted reports with preparer and reviewer signatures or initials and will be filed with supporting documentation and any follow-up correspondence from the grantor or pass-through agency. Copies of all such reports will be made available to school administration, auditors, and pass-through or grantor agencies, as requested.

Montcalm Area ISD
Business Office Procedures for Federal Awards Administration
OMB Compliance Supplement
Subrecipient Monitoring

Source of Governing Requirements - The requirements for subrecipient monitoring are contained in 31 USC 7502(f)(2)(B) (Single Audit Act Amendments of 1996 (Pub. L. No. 104-156)), OMB regulations, Uniform Guidance, 2 CFR 200, Federal awarding agency regulations, and the terms and conditions of the award.

Business Office Procedures. The following procedures will be applied to the extent that they do not conflict with or contradict the Board policies listed above:

The Fiscal Services Manager or Associate Superintendent of Finance will review general ledger reports throughout the year when local districts request reimbursement for a Federal Grant.

At year end, a detailed general ledger report will be requested and reviewed by the Fiscal Services Manager to ensure that the expenses are allowable and within the budget.

Montcalm Area ISD
Business Office Procedures for Federal Awards Administration
Conflict of Interest

Transactions involved Federal awards are subject to all conflict-of-interest policies, as applicable:

Board Policies. The following policies have been separately reviewed and approved by the Board of Education, and are incorporated here by reference:

- Board policy 6320 Purchasing
- Board policy 6325 Procurement - Federal Grants / Funds
- Board policy 6460 Vendor Relations

Business Office Procedures. The following procedures will be applied to the extent that they do not conflict with or contradict the Board policies listed above:

1. Board members will disclose any conflict of interest (whether in fact or in appearance). When a member of the Board determines that the possibility of a personal interest conflict exists, he/she should, prior to the matter being considered, disclose his/her interest in a public meeting (which will be noted in the official meeting minutes). The individual shall abstain from discussing or voting on this matter.
2. Any related party transactions will be disclosed as part of the annual audit.
3. Board members and employees will not accept money or gifts from current or potential vendors of the District if such items are valued in excess of the threshold published annually by the State of Michigan.
4. District employees are prohibited from using District equipment, materials, and supplies for personal benefit.

Montcalm Area ISD Business Office Procedures for Federal Awards Administration Records Retention

The District has developed various policies and procedures regarding the retention of financial and other grant-related records. Transactions involved Federal awards are subject to all such policies, as applicable:

Business Office Procedures. The following procedures will be applied to the extent that they do not conflict with or contradict the Board policies:

1. Record retention policies will be designed to mirror those suggested by the State of Michigan. Periodically, the Business Office will review the most recent information released by the State and determine if the District's practices continue to meet these standards.

Montcalm Area ISD Business Office Procedures for Federal Awards Administration Information Technology

Montcalm Area ISD identifies the efficiencies and risks that come with the increased reliance on information technology. As such, policies have been adopted to govern the use of information technology:

Business Office Procedures. The following procedures will be applied to the extent that they do not conflict with or contradict the Board policies listed above:

1. Staff passwords must be changed periodically, or as otherwise specified by Board policy.
2. The responsibility of assigning user access rights to financial-related applications will be assigned to the Associate Superintendent of Finance. User rights will be reviewed annually to accurately reflect current employees and job responsibilities.
3. Back-ups of the financial accounting system and the District's network will be taken daily and stored at an off-site location.

Montcalm Area ISD Business Office Procedures for Federal Awards Administration Supplies

Montcalm Area ISD utilizes various supplies in its operations. The following procedures will govern the purchase, use, and recording of such items:

Business Office Procedures. The following procedures will be applied to the extent that they do not conflict with or contradict the Board policies listed above:

1. Purchase - The purchase of supplies will be subject to the same purchasing and procurement requirements as general District expenditures. Refer to the "Purchasing and Procurement" section of this manual.
2. Accounting - Supplies will be recorded as expenditures when purchased.
3. USDA-Donated Commodities - The District will maintain accurate and complete records with respect to the receipt, distribution, and inventory of USDA-donated foods, including end products processed from donated foods. These records will be reconciled to the year-end inventory and corrective action will be taken immediately for discrepancies. The District will not sell USDA foods or purchase from a source other than the approved USDA consortia.

Montcalm Area ISD Business Office Procedures for Federal Awards Administration Copyrights

All employees, administrators, and students of the District are subject to the provisions of the Copyright Act of 1976. As such, Montcalm Area ISD's Board of Education has adopted the following guidelines. These policies are deemed to be applicable to printed materials, internet materials, computer software, audio visual materials, and sheet music.

Business Office Procedures. The following procedures will be applied to the extent that they do not conflict with or contradict the Board policies listed above:

1. Unlawful copies of copyrighted materials will not be produced using District-owned equipment, nor will such materials be distributed.
2. Teachers and administrators are responsible for the determination of whether photocopies are legal. The District will not be responsible for any fees imposed on its employees or administrators for misuse of copyrighted materials, nor will legal representation be provided in the event of wrongdoing.

Montcalm Area ISD Business Office Procedures for Federal Awards Administration Purchase Card Purchases

The District may choose to use purchasing cards. Gift cards will not be issued unless it is written in the grant and approved, as it is difficult to monitor proper usage.

Board Policies. The following policies have been separately reviewed and approved by the Board of Education, and are incorporated here by reference:

- Board policy 6423 Use of Purchase Cards

Business Office Procedures. The following procedures will be applied to the extent that they do not conflict with or contradict the Board policies listed above:

1. The LEA Business Manager or Associate Superintendent of Finance shall be responsible for the issuance, accounting, monitoring, retrieval, internal controls and generally overseeing the use of District purchase cards for Board and Staff Members.
2. All credit cards issued to a Staff Member/Department in the name of the District shall be held and supervised by the following:
 - a. Purchase cards issued with the staff member name (Card Holder) and in the name of the District shall be held by that said Card Holder.
 - 1) At the time of receiving the card the Card Holder and LEA Business Manager shall sign an *Employee Purchase Card Agreement*.
 - 2) The Card Holder will sign a *Purchase Card Disciplinary Action Form*.
 - b. Credit cards that are issued as District Check Out Cards shall be held by the coordinating Department Secretary/or LEA Business Manager.
3. Each purchase on District issued cards shall follow these actions:
 - a. Purchases made by Card Holder and in the name of the District:
 - 1) Approved Detailed Receipt of Item Purchased
 - a. Purchases made by staff members with purchase cards issued as Department Check Out Cards and in the name of the District:
 - 1) Date Needed
 - 2) Date to be returned
 - 3) Approval of the Supervisor to check out the purchase card on said date
 - 4) Once a request is approved, the request shall be presented to the District Department Check Out card holder which would be the Department Secretary/or Business Office designee.
 - 5) Before the card is given to the approved staff member, they will sign a *Purchase Card Agreement*.
 - 6) After use, District Department Check Out purchase cards must be returned directly to the department card holder, along with Supervisor approved detailed receipts of all charges made.

Montcalm Area ISD
Business Office Procedures for Federal Awards Administration
Purchases Card Purchases (Continued)

4. District purchase cards may be used only for the purchase of the following:
 - a. Conference or workshop registrations
 - b. Lodging for authorized trips or meetings
 - c. Supplies and equipment
 - d. Other expenses as deemed necessary
5. District Credit cards may not be used to circumvent the normal purchasing and/or requisitioning process.
6. The Card Holder shall be responsible for its use and shall not allow the card to be used by anyone else or for any unauthorized purchases. Any charges made on the card during the time that the card is in the possession of the Card Holder are the responsibility of the Card Holder. Unauthorized charges must be paid by the Card Holder to whom the card is assigned, and such unauthorized use shall subject the Card Holder to disciplinary action in accordance with law, District policy, and/or the terms of a negotiated agreement.
7. The Card Holder is responsible for the protection and custody of the card. If a District card is lost or stolen, the Card Holder to whom the card was issued shall immediately notify Fiscal Services Manager. The Business Office/or Card Holder assigned that card, will notify the issuing company to cancel the card if necessary. The Department Secretary will be responsible for the safekeeping of the District Department CheckOut credit card.
8. Monthly statement reconciliation of the credit card will be done by Card holders and Department Secretaries for the District Department Check Out credit cards. Staff Members will follow this reconciliation procedure:
 - a. Log into their purchase card online account
 - b. Review charge and confirm the receipt/invoice, mark as received if appropriate.
 - 1) Any charges on the statement that are missing receipts, the card holder must contact the company where the item was purchased and request a copy of the transaction.
 - 2) If you have exhausted all attempts to obtain a receipt, the employee will then reimburse the district for that charge.
 - 3) If tax was charged on the purchase, the Purchaser must contact the company and request tax be refunded or the Purchaser has the option of paying the tax.
 - c. Enter the general ledger account numbers for each purchase
 - d. Run and print report

Montcalm Area ISD
Business Office Procedures for Federal Awards Administration
Credit Card Purchases (Concluded)

- e. Attach all backup documents with a statement including a detailed receipt for each purchase and packing slips if available.
 - f. Before sending it to the Business Office, the Card Holder will sign the statement and then give the statement and documents to their Supervisor for approval.
9. The LEA Business Manager or Associate Superintendent of Finance shall review all credit card statements and documents, including detailed receipts for the following:
- a. Any missing required documentation
 - b. Any missing approval signatures
 - c. Any tax charges
 - d. Any unauthorized purchases
 - e. Any charges on the statement having discrepancies such as unidentifiable items, missing receipts, have tax charges, etc. will be noted and the Card Holder will be notified to reconcile.
10. After all changes and or corrections have been made by the LEA Business Manager, he/or she will do the following:
- a. Download the monthly credit card statement and report for entering into the accounting system, review and give documentation to accounts payable clerk for processing through accounts payable.
 - b. Save all District Statements and documentation in the monthly credit card folder where it is accessible by the Associate Superintendent of Finance for review.

Montcalm Area ISD
Business Office Procedures for Federal Awards Administration
Training and Sanctions

Business Office Procedures. The following procedures will be applied to the extent that they do not conflict with or contradict the Board policies:

1. The Business Office staff will meet with District staff as necessary to ensure that these procedures are followed. These meetings may occur either on an individual basis or in a group setting.

Employee Accountability and Sanctions

2. Failure to follow the provisions of these procedures will subject the individuals responsible for the violation(s) to administrative and/or disciplinary actions in accordance with District disciplinary procedures and the judgment of management. Sanctions may include comments on employee evaluations, suspension and/ or dismissal.

Montcalm Area ISD Business Office Procedures for Federal Awards Administration Travel

Source of Governing Requirements. Lodging and subsistence costs incurred by employees for travel will comply with the non-Federal entities written travel policies (§ 200.474(b0)),

Board Policies. The following policies have been separately reviewed and approved by the Board of Education, and are incorporated here by reference:

- Board policy 6550 Travel Payment & Reimbursement

Business Office Procedures. The following procedures will be applied to the extent that they do not conflict with or contradict the Board policies listed above:

1. Travel must receive pre-approval for overnight conferences and meetings.
2. The Superintendent or Designee must sign off on conference forms.
3. Reimbursements will follow district guidelines.

Montcalm Area ISD Business Office Procedures for Federal Awards Administration Electronic Signatures

The District may choose to use electronic signatures for legal signing purposes in the context of electronic transactions and/or for purposes of participation or acknowledgement.

Board Policies. The following policies have been separately reviewed and approved by the Board of Education, and are incorporated here by reference:

- Board policy 6107 Authorization to Accept and Distribute Electronic Records and to Use Electronic Signatures

Business Office Procedures. The following procedures will be applied to the extent that they do not conflict with or contradict the Board policies listed above:

1. Electronic Transactions include signing of contracts, purchasing, and agreement to terms.
2. Participation or Acknowledgment includes participation in a meeting, indications that a document was reviewed, etc.
3. The district staff may create, generate, send, communicate, receive, store, process, use, and rely upon electronic records and electronic signatures.
4. All staff shall comply with all provisions of the Uniform Electronic Transaction Act when creating, generating, sending, communicating, receiving, storing, processing, using, and relying upon electronic records.
5. All district staff and other persons who use electronic signatures shall do so in compliance with State law.