

Franklin County, Tennessee

Policies and Procedures

Administration of Federal Programs

Aligned with the Requirements of the

New Uniform Grants Guidance for all Federal Funds

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I. Introduction

This manual sets forth the policies and procedures used by Franklin County to administer federal funds. The manual contains the internal controls and grant management standards used by the County to ensure that all federal funds are lawfully expended. It describes in detail the County's financial management system, including cash management procedures, procurement policies; inventory management protocols; procedures for determining the allowability of expenditures; time and effort reporting; record retention; and sub-recipient monitoring responsibilities.

New employees of the Franklin County, as well as incumbent employees, are expected to review this manual to gain familiarity and understanding of the County's rules and practices. If you have any questions regarding the administration of federal grants, including questions related to specific federal grant programs, please do not hesitate to contact the applicable program office at the Tennessee Department of Education (TDOE) or other applicable State or Federal office.

II. Financial Management System

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

A. Financial Management Standards

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

Identification

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

http://www.franklincountyfinance.com/policies_procedures.html in Chapter 9.3.1

Financial Reporting

Accurate, current, and complete disclosure of the financial results of each federal award or programs must be made in accordance with the financial reporting requirements set forth in the Education Department General Administrative Regulations (EDGAR) for School Districts or the federal agency responsible for the grant award/administration for other local entity departments.

http://www.franklincountyfinance.com/policies_procedures.html in Chapter 9.3.1

Accounting Records

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

http://www.franklincountyfinance.com/policies_procedures.html in Chapter 9.3.1

Internal Controls

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

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

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

http://www.franklincountyfinance.com/policies_procedures.html in Chapter 2.3

Budget Control

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

http://www.franklincountyfinance.com/policies_procedures.html in Chapter 9.3

Cash Management

The District must maintain written procedures to implement the cash management requirements found in EDGAR for School Districts or the federal agency responsible for the grant award/administration for other local entity departments.

http://www.franklincountyfinance.com/policies_procedures.html is in Chapter 9.3

Allowable Costs

The District must maintain written procedures for determining allowability of costs in accordance with EDGAR for School Districts or the federal agency responsible for the grant award/administration for other local entity departments.

http://www.franklincountyfinance.com/policies_procedures.html is in Chapter 9.2

B. Overview of the Financial Management/Accounting System

Franklin County, TN operates under “The Financial Management Act of 1981”. Tennessee Code Annotated 5-21 is the guidance for the functions of a County operating under “The Financial Act of 1981”.

Franklin County uses NexGen & NextGen Software provided & maintained by Local Government Data Processing Corporation of Columbia, TN. The system has capability to interface with fixed assets with the accounting segment of the software. At present we do not have the two interfaced due to cost efficiency.

The budgets are loaded into the NextGen Software when approved by the Franklin County Commission. They are the Governing Legislative Body of Franklin County, TN. The budgets are manually entered and tracked by Finance personnel on a monthly basis.

The Finance Director and the Deputy Finance Director manage the budgets and accounts payable. Under 2 C.F.R. § 200.302, a recipient must track the CFDA title and number, federal award identification number and year, name of the federal agency, and, if applicable, name of the pass-through entity. All Federal Grant files are kept and monitored on a monthly basis, with the above listed information within the director/Deputy Director’s office.

The Finance Director is responsible for preparing a monthly report for the Franklin County Commission for approval. The report includes the current allocation/appropriation, amendments, monthly activity, collection/expense year to date, balance to collect/expense and percentage realized, per TCA 5-21-114.

http://www.franklincountyfinance.com/policies_procedures.html is in Chapter 1

C. Budgeting

The Planning Phase: Meetings and Discussions

Before Receiving the Grant Award Letter:

Franklin County has a policy prior to the application for all grants. The program managers or department heads, meet with the Finance Director or Deputy Director in preparation of their grant application. Franklin County has a form that is to be submitted to the finance committee and the County commission prior to submitting grant applications to state, federal or other

agencies for all non-school grants. This form informs the governing body as to potential financial & risk management liability.

The District Program Managers work with the appropriate school Department heads, Principals & Director in order to review their needs and allowability of cost and then prepare their annual Grant application for federal programs. The Grant Program Manager and other parties decide how the budget is put together; assigning account numbers and applicable codes; and reviewing grant objectives, reporting requirements, responsibilities, special conditions, and existing resources for their programs. They access the needs by priority in order to best fulfill the program guidelines.

The Grant Program Manager then proceeds with the application having the Director of Schools, Highways Superintendent or the County Mayor sign the grant application for submittal.

When the County is notified of a grant award, the Grant Program Manager then contacts the Finance Director or Deputy Director to prepare a budget amendment to budget the funds awarded.

For the School Federal Programs budgets the Finance Director or Deputy Director utilizes the most current School Board approved federal programs budget application for the budget process. The Franklin County Appropriations Resolution allows for amendments to be made to school federal programs budgets upon the approval of the Franklin County School Board.

An Organization Chart with positions and time frames included are in the Franklin County Policies & Procedures Manual at the following link:

http://www.franklincountyfinance.com/policies_procedures.html is in Chapter 2 & 7

Reviewing and Approving the Budget:

In the spring of each fiscal year the Grant Program Manager begins preparations for the new grant application process and the program they are responsible for oversight of. The Grant Program Managers work with the Grantor program representatives to determine the items allowability provided by the grant in concern. If a cost is found unallowable, then the cost is removed from the grant program and funds are sought elsewhere if it is an unavoidable cost or the grant program is revised to meet the guidelines of issuance by the Grantor prior to the submittal to the Grantor.

The Finance Committee and School Board approves a budget calendar each fiscal year as a guideline for the budget process. Program Managers, Department Heads, Appointed, or Elected Officials meet with staff to recognize their program needs for the new fiscal year. They then meet with financial personnel within the County Finance Department to consolidate their budget request in February - May.

- The Director of Schools take the consolidated budget to the School Board for approval, then upon approval, submits an approved budget to the Finance Committee for approval in April or May.
- The Highway Superintendent takes the consolidated budget to the Highway Commission for approval, then upon approval, submits, and approved budget to the Finance Committee for approval in April or May.
- Other Departments if governed by a committee/board take their budget to committees for approval, then upon approval, submits an approved budget to the Finance Director in April.
- Departments not governed by a committee/board submit budget request to the Finance Director for consolidation in April.

The Finance Director submits the budgets to the Finance Committee for reviews in the month of May. Upon Finance Committee approval, the Finance Director consolidates all the approved budgets for the July, Finance Committee Meeting with an appropriation resolution, tax levy resolution, debt service schedules, reserves and all Tennessee Department of the Comptroller budget requirements. The Finance Committee then approves a recommended budget and tax levy to the County Commission in their July regular scheduled meeting for approval. The County Commission approves the initial budget for the County/Districts Federal Programs Grants.

There is language in the Appropriation Resolution stating the following:

“BE IT FURTHER RESOLVED, that the Franklin County Schools’ Federal Projects Fund for the No Child Left Behind (NCLB) projects shall be the budget approved for the separate projects within the fund by the Franklin County Board of Education. Be it further resolved that the Individuals with Disabilities Education Act (IDEA – Part B and Preschool) and Carl Perkins Vocational projects shall be the budget approved for the separate projects within the fund by the Franklin County Board of Education and the Tennessee Department of Education. This budget includes a \$100,000 transfer from the School General Fund to the Federal Projects Fund for operational purposes and a transfer back at year end.”

The School Program Managers upon receiving the award letters, works with the Finance Director or Deputy Director to prepare amendments for approval by the School Board. There are no further approvals to obtain and the Federal Programs budget can be amended in the NextGen software within the Finance Office.

After receiving the grant award letter

The grant award letter is received by the School Program Managers and is reviewed with the Director of Schools. If there are program changes that need to be addressed, it is worked out by the Director of Schools and the Program Managers. If budget amendments are required, the Finance Director or Deputy Director help prepare amendments submitted for approval by the School Board.

If the award letter does not concern the School District, the letter is reviewed with the Finance Director. Program matters are discussed in regard to budget amendments needed, allowable cost. The Finance Director prepares an amendment and submits it for approval to the Finance Committee if it is not a program allowed inter-category amendment. The Finance Committee sends the recommended budget amendments to the next County Commission meeting for approval. Once Commission approved the amendment can be posted in the Finance Office NextGen Software.

If the amendment is an allowable inter-category amendment the Finance Director and corresponding Department head can approve the amendment, by signature. (i.e. Finance Director and Director of Schools; Finance Director and Highway Superintendent; Department Head, Finance Director and County Mayor). Once approved by all parties, the amendment can be posted in the Finance Office NextGen Software.

Amending the Budget

If budget amendments are required, the Finance Director or Deputy Director help prepare amendments submitted for approval by the School Board.

If other federal program amendments are required the Finance Director prepares an amendment and submits it for approval to the Finance Committee if it is not a program allowed inter-category amendment. The Finance Committee sends the recommended budget amendments to the next County Commission meeting for approval. Once Commission approved the amendment can be posted in the Finance Office NextGen Software.

If the amendment is an allowable inter-category amendment the Finance Director and corresponding Department head can approve the amendment, by signature. (i.e. Finance Director and Director of Schools; Finance Director and Highway Superintendent; Department Head, Finance Director and County Mayor). Once approved by all parties, the amendment can be posted in the Finance Office NextGen Software by the Finance Director and/or Deputy Finance Director.

Budget Control

The County monitors its financial performance by comparing and analyzing actual results with budgeted results. Under direction of the Finance Director, designated Finance Staff, prepare and email reports to Federal Program Managers and all Department Heads on a monthly basis for their review. The Finance Director reviews all non-school related budgets including Federal, State, or Other Source funding budgets and the Deputy Finance Director reviews all School Federal Program budgets both on a monthly basis.

Both the Finance Director and Deputy Finance Director corresponds and meets as necessary to review the activity of all Federal, State and Other Sourced Budgets. If there are significant changes that need to be made, they are addressed through the budget amendment process as described above. Grant Program Managers may need to seek guidance from their Federal, State, or Other Source Contacts.

D. Accounting Records

Franklin County, TN operates under “The Financial Act of 1981”. As such the Finance Department is responsible for all accounting records for Franklin County, TN. The policies and procedures for accounting records in regard to assets, liabilities, revenues, expenses & internal control are outlined in the following document: Finance Department – Policies and Procedures Manual.

http://www.franklincountyfinance.com/policies_procedures.html are in Chapter 2 & 3

The chart of accounts utilized by Franklin County, TN is provided by the State of Tennessee and is kept on file with the Finance Director and found at the following page with a link titled “Chart of Accounts”:

<https://comptroller.tn.gov/office-functions/la/resources/chart-of-accounts.html>

E. Spending Grant Funds

Franklin County Grant Program Managers work with State, Federal and/or Other Grant Source representatives in determining allowable cost for their specific grant program. In this cooperative partnership guideline requirements from EDGAR and 2 C. F. R. Part 200 are sure to be met. All grant contracts have specifics in regard to allowable expenses for that specific grant. The local Grant Program Managers also work with the Finance Director and Deputy Director to ensure which guidelines should be referred to in the budget and purchasing process. Whether School, Highway, County, Solid Waste, Rural Fire, Drug Control, or Library, whichever guideline is

found to be most stringent is followed, whether Federal, State, County or other source, in origin. When budgets are approved at the Grantor level an award letter is received. The local Grant Program Managers are responsible for the program management of the grants on the local level. And contacting the Grantors for all required permissions prior to spending. Federal Programs Fiscal Management Policy is found within the Finance Policies and Procedures Manual:

http://www.franklincountyfinance.com/policies_procedures.html are in Chapter 9

Direct and Indirect Costs Defined

Determining Whether a Cost is Direct or Indirect: Direct costs are those costs that can be identified specifically with a particular final cost objective, such as a federal award, or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy. 2 C.F.R. § 200.413(a). Indirect costs are those that have been incurred for a common or joint purpose benefitting more than one cost objective, and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved. 2 C.F.R. § 200.56. Costs incurred for the same purpose in like circumstances must be treated consistently as either direct or indirect costs. 2 C.F.R. § 200.413(a).

Identification with the federal award rather than the nature of the goods and services involved is the determining factor in distinguishing direct from indirect costs of Federal awards. Typical costs charged directly to a Federal award are the compensation of employees who work on that award, their related fringe benefit costs, the costs of materials and other items of expense incurred for the Federal award. 2 C.F.R. § 200.413(b). The salaries of administrative and clerical staff should normally be treated as indirect costs. Direct charging of these costs may be appropriate only if all of the following conditions are met:

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

Indirect Cost Rate: TDOE approves indirect cost rates for one year. The TDOE fiscal agent for Franklin County, TN prepares the required TDOE spreadsheet for the determination of Franklin County's indirect-Cost Non-Restricted and Restricted Programs utilizing the ePlan web-based program. In February or March of each fiscal year when the rate is determined the annual

Indirect Cost rate form is sent to the Director of Schools for signature verifying and authorizing the rates for the new fiscal year of Federal Program Grants. The Indirect Cost TDOE manual, spreadsheet and verification form can be found at the following link:

<https://www.tn.gov/education/snp-resources/snp-financial-management/snp-indirect-direct-costs.html>

is referred to in Chapter 9

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

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

If indirect cost is available for grants other than the Department of Education, Franklin County has been allowed to utilize the current approved indirect cost rate for the School District for other such grants when approved by the Grantor (i.e. Federal Office of Justice Programs). Indirect Cost is utilized when possible as a rule, unless it would interfere with the grant program resulting in a negative impact.

Determining Allowability of Costs

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

When determining how the County will spend its grant funds, local Grant Program & Fiscal Managers will review the proposed cost to determine whether it is an allowable use of federal grant funds *before* obligating and spending those funds on the proposed good or service. All costs supported by federal education funds must meet the standards outlined in EDGAR, 2 C.F.R. § 200.403 or other Federal Guidelines, which are provided in the bulleted list below. Local Grant Program & Fiscal Managers must consider these factors when making an allowability determination.

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

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

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

While 2 C.F.R. § 200.404 does not provide specific descriptions of what satisfies the "necessary" element beyond its inclusion in the reasonableness analysis above, necessary is determined based on the needs of the program. Specifically, the expenditure must be necessary to achieve an important program objective. A key aspect in determining whether a cost is necessary is whether the district can demonstrate that the cost addresses an existing need, and can prove it. For example, the district may deem a language skills software program necessary for a limited English proficiency program.

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

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

- **Allocable to the federal award.** A cost is allocable to the federal award if the goods or services involved are chargeable or assignable to the federal award in accordance with the relative benefit received. This means that the federal grant program derived a benefit in proportion to the funds charged to the program. 2 C.F.R. § 200.405. For example, if 50% of a teacher's salary is paid with grant funds, then that teacher must spend at least 50% of his or her time on the grant program.
- **Consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the County/District.**
- **Conform to any limitations or exclusions set forth as cost principles in Part 200 or in the terms and conditions of the federal award.**
- **Consistent treatment.** A cost cannot be assigned to a federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been assigned as an indirect cost under another award.
- **Adequately documented.** All expenditures must be properly documented.
- **Be determined in accordance with general accepted accounting principles (GAAP), unless provided otherwise in Part 200.**
- **Not included as a match or cost-share, unless the specific federal program authorizes federal costs to be treated as such.** Some federal program statutes require the non-federal entity to contribute a certain amount of non-federal resources to be eligible for the federal program.
- **Be the net of all applicable credits.** The term "applicable credits" refers to those receipts or reduction of expenditures that operate to offset or reduce expense items allocable to the federal award. Typical examples of such transactions are: purchase discounts; rebates or allowances; recoveries or indemnities on losses; and adjustments of overpayments or erroneous charges. To the extent that such credits accruing to or received by the state relate to the federal award, they shall be credited to the federal award, either as a cost reduction or a cash refund, as appropriate. 2 C.F.R. § 200.406.

Credits from all grant funds are applied to the appropriate grant in which they occurred. Travel cost are paid for by check or credit card of Franklin County, TN. In this way, points or credits are not incurred for employees traveling on behalf of Franklin County, TN.

If there is an incident where a credit is received after the close of a grant. The local Grant Program Manager works with their Federal, State or Other Source fiscal representative to determine if the funds need to be sent back to the Grantor or allowed to be spent on the program. The Finance Director and Deputy Director work with the local Grant Program Managers in the appropriate approved resolution of the credit.

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

Selected Items of Cost

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

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

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

Item of Cost	Citation of Allowability Rule
Advertising and public relations costs	2 C.F.R. § 200.421

Advisory councils	2 C.F.R. § 200.422
Alcoholic beverages	2 C.F.R. § 200.423
Alumni/ae activities	2 C.F.R. § 200.424
Audit services	2 C.F.R. § 200.425
Bad debts	2 C.F.R. § 200.426
Bonding costs	2 C.F.R. § 200.427
Collection of improper payments	2 C.F.R. § 200.428
Commencement and convocation costs	2 C.F.R. § 200.429
Compensation – personal services	2 C.F.R. § 200.430
Compensation – fringe benefits	2 C.F.R. § 200.431
Conferences	2 C.F.R. § 200.432
Contingency provisions	2 C.F.R. § 200.433
Contributions and donations	2 C.F.R. § 200.434
Defense and prosecution of criminal and civil proceedings, claims, appeals and patent infringements	2 C.F.R. § 200.435
Depreciation	2 C.F.R. § 200.436
Employee health and welfare costs	2 C.F.R. § 200.437
Entertainment costs	2 C.F.R. § 200.438
Equipment and other capital expenditures	2 C.F.R. § 200.439
Exchange rates	2 C.F.R. § 200.440
Fines, penalties, damages and other settlements	2 C.F.R. § 200.441
Fund raising and investment management costs	2 C.F.R. § 200.442
Gains and losses on disposition of depreciable assets	2 C.F.R. § 200.443
General costs of government	2 C.F.R. § 200.444
Goods and services for personal use	2 C.F.R. § 200.445
Idle facilities and idle capacity	2 C.F.R. § 200.446
Insurance and indemnification	2 C.F.R. § 200.447
Intellectual property	2 C.F.R. § 200.448
Interest	2 C.F.R. § 200.449
Lobbying	2 C.F.R. § 200.450
Losses on other awards or contracts	2 C.F.R. § 200.451
Maintenance and repair costs	2 C.F.R. § 200.452
Materials and supplies costs, including costs of computing devices	2 C.F.R. § 200.453
Memberships, subscriptions, and professional activity costs	2 C.F.R. § 200.454
Organization costs	2 C.F.R. § 200.455
Participant support costs	2 C.F.R. § 200.456
Plant and security costs	2 C.F.R. § 200.457

Pre-award costs	2 C.F.R. § 200.458
Professional services costs	2 C.F.R. § 200.459
Proposal costs	2 C.F.R. § 200.460
Publication and printing costs	2 C.F.R. § 200.461
Rearrangement and reconversion costs	2 C.F.R. § 200.462
Recruiting costs	2 C.F.R. § 200.463
Relocation costs of employees	2 C.F.R. § 200.464
Rental costs of real property and equipment	2 C.F.R. § 200.465
Scholarships and student aid costs	2 C.F.R. § 200.466
Selling and marketing costs	2 C.F.R. § 200.467
Specialized service facilities	2 C.F.R. § 200.468
Student activity costs	2 C.F.R. § 200.469
Taxes (including Value Added Tax)	2 C.F.R. § 200.470
Termination costs	2 C.F.R. § 200.471
Training and education costs	2 C.F.R. § 200.472
Transportation costs	2 C.F.R. § 200.473
Travel costs	2 C.F.R. § 200.474
Trustees	2 C.F.R. § 200.475

Likewise, it is possible for the State and/or County/District to put additional requirements on a specific item of cost. Under such circumstances, the stricter requirements must be met for a cost to be allowable. Accordingly, employees must consult Federal, State and County/District requirements when spending federal funds. For example, often the State’s travel rules are more restrictive than federal rules, which means the State’s policies must be followed.

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

The state and/or County/District rules related to some specific cost items are discussed below. County/District employees must be aware of these State and County/District rules and ensure they are complying with these requirements. The following link to Franklin County Finance Policies & Procedures Manual addresses local policy on allowable cost.

http://www.franklincountyfinance.com/policies_procedures.html is in Chapter 9.2.1

Frequent Types of Costs

Travel: Travel costs are the expenses for transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of a grant recipient. Such costs may be charged on an actual cost basis, on a per diem or mileage basis in lieu of actual costs incurred, or on a combination of the two, provided the method used is applied to an entire trip and not selected days of the trip, and results in charges consistent with those normally allowed in like circumstances in the recipient's non-federally funded activities and in accordance with the recipient's written travel reimbursement policies. 2 C.F.R § 200.474(a).

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

Franklin County travel policies are outlined in the Finance Policy & Procedures manual:

http://www.franklincountyfinance.com/policies_procedures.html is in Chapter 12

Helpful Questions for Determining Whether a Cost is Allowable

In addition to the cost principles and standards described above, local Grant Program Managers and Fiscal Managers can refer to this section for a useful framework when performing an allowability analysis. In order to determine whether federal funds may be used to purchase a specific cost, it is helpful to ask the following questions:

- Is the proposed cost allowable under the relevant program?
- Is the proposed cost consistent with an approved program plan and budget?
- Is the proposed cost consistent with program specific fiscal rules?
 - For example, the District may be required to use federal funds only to supplement the amount of funds available from nonfederal (and possibly other federal) sources.
- Is the proposed cost consistent with EDGAR of 2 C.F.R. § 200?
- Is the proposed cost consistent with specific conditions imposed on the grant (if applicable)?

As a practical matter, local Grant Program Managers and Fiscal Managers should also consider whether the proposed cost is consistent with the underlying needs of the program. For example, program funds must benefit the appropriate population of students for which they are allocated. This means that, for instance, funds allocated under Title III of the Elementary and Secondary Education Act (ESEA) governing language instruction programs for limited English proficient (LEP) students must only be spent on LEP students and cannot be used to benefit non-LEP students. Further, under most major elementary and secondary education programs, recipients

Also, funds should be targeted to address areas of weakness, as necessary. To make this determination, local Grant Program Managers and Fiscal Managers should review data when making purchases to ensure that federal funds will meet these areas of concern.

F. Federal Cash Management Policy/Procedures

The County will comply with applicable methods and procedures for payment that minimize the time elapsing between the transfer of funds and disbursement by the County, in accordance with the Cash Management Improvement Act at 31 C.F.R. Part 205. Generally, the County receives payment from the TDOE or other State/Federal Agency on a reimbursement basis. 2 C.F.R. § 200.305. However, if the County receives an advance in federal grant funds, the County will remit interest earned on the advanced payment quarterly to the federal agency. The County may retain interest amounts up to \$500 per year for administrative expenses. 2 C.F.R. § 200.305(b)(9).

According to guidance from the U.S. Department of Education (ED), when calculating the interest earned on ED grant funds, in any situation where the State draws from the G5 system in advance of the District using non-federal funds to pay vendors and/or employees, the only events and dates that are relevant are: 1) the date on which the federal grant funds are drawn down by the State; and 2) the date on which those funds are disbursed by the District. Any interest earned on those funds while on-deposit in the District's bank account after drawdown and before disbursement must be included in the interest earned calculation.

Payment Methods

Reimbursements: All reimbursements are based on actual disbursements, not on obligations. The County may initially charge federal grant expenditures to nonfederal funds.

The County Finance Director or the Finance Director designee will request reimbursement for actual expenditures incurred under the federal or other grants **at least monthly, however most are only required quarterly**. Reimbursement requests will be submitted via ePlan or the other

appropriate designated programs. All reimbursements are based on actual disbursements, not on obligations.

Reimbursement request are not required to have prior approval. As the local fiscal accountant is the financial monitoring source for the grant.

Consistent with state and federal requirements, the County will maintain source documentation supporting the federal expenditures requisitions, quotes, bid documents, invoices, check stubs, time sheets, electronic payroll records and stubs, etc.] and will make such documentation available for the TDOE review upon request.

Reimbursements of actual expenditures do not require interest calculations.

Advances: To the extent the County receives advance payments of federal grant funds, the County will strive to expend the federal funds on allowable expenditures within 72 hours of receipt. The County will hold federal advance payments in interest-bearing accounts, unless an allowable exception applies. The County will calculate interest earned on cash balances after 72 hours of receipt of advance payments.

Interest will be calculated quarterly as necessary. Franklin County only claims federal funds based on expenses already incurred as to alleviate the issue of earning interest on federal, state or other funding sources monies. However, if interest was found due the total federal grant cash balances will be calculated on cash balances per grant and applying the County's actual interest rate. The County may retain up to \$500 of interest earned per year. Within 30 days of the end of the quarter, the County Finance Director or Deputy Director will remit interest earned on U.S. Department of Education grants in excess of \$500 to Department of Health and Human Services Payment Management System, Rockville, MD 20852. The interest remittance will be prepared by the Finance Director and/or Deputy Director and back up documentation kept on file at the finance department.

G. Timely Obligation of Funds

When Obligations are Made

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

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

If the obligation is for:	The obligation is made:
Acquisition of property	On the date which the County makes a binding written commitment to acquire the property
Personal services by an employee of the County	When the services are performed
Personal services by a contractor who is not an employee of the County	On the date which the County makes a binding written commitment to obtain the services
Public utility services	When the County receives the services
Travel	When the travel is taken
Rental of property	When the County uses the property
A pre-agreement cost that was properly approved by the Secretary under the cost principles in 2 C.F.R. part 200, Subpart E-Cost Principles.	On the first day of the project period.

34 C.F.R. § 75.707; 34 C.F.R. § 76.707.

Period of Availability of Federal Funds

All obligations must occur on or between the beginning and ending dates of the grant project. 34 C.F.R. § 76.707. This period of time is known as the period of availability. The period of availability is dictated by statute and will be indicated in the grant award letter. Further, certain grants have specific requirements for carryover funds that must be adhered to.

State-Administered Grants: As a general rule, state-administered federal funds are available for obligation within the year that Congress appropriates the funds for. However, given the unique nature of educational institutions, for many federal education grants, the period of availability is 27 months. Federal education grant funds are typically awarded on July 1 of each year. While the County will always plan to spend all current grant funds within the year the grant was appropriated for, the period of obligation for any grant that is covered by the “Tydings Amendment” is 27 months, extending from July 1 of the fiscal year for which the funds were appropriated through September 30 of the second following fiscal year. This maximum period includes a 15-month period of initial availability, plus a 12-month period for carryover. 34 C.F.R.

§ 76.709. For example, funds awarded on July 1, 2022 would remain available for obligation through September 30, 2024.

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

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

Carryover

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

The District Final Expenditure Report (FER) is reconciled and submitted to TDOE via ePlan. Any carryover funds are automatically transferred to the current grant application to be budgeted prior to expending. For programs with carryover limitations (i.e. ESEA Title I, Title III) a carryover waiver request letter will be submitted to TDOE when the carryover exceeds the cap.

For Non-District grants the final expenditure reporting is due on the date as specified in each individual grant. Final Grant Program reports as well are completed by the Local Program Grant Managers and submitted to the Federal, State, or Other Grantor Representative to close the Grant Program. All Grants have different reporting requirements and are handled as required to fulfill the Grantee obligations.

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

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

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

Local Grant Program Managers discern if extensions will be necessary for their current grant programs. Decisions will be based on remaining school year, staffing, materials needs, the progress of the program and the grant period availability within the grant contract's prescribed guidelines. The request are signed by the appropriate authoritative representative for the County/District; Director of Schools, Highway Superintendent or County Mayor. Signed extension request are then forwarded to the appropriate Grantor designee with the corresponding information needed to determine if the request is valid. The Grantor's designated contact receives the request. The authorized party representing the Grantor make the determination as to the validity of the request, and gives approval if granted in writing to the Grantee.

http://www.franklincountyfinance.com/policies_procedures.html is in Chapter 9.2.2

H. Program Income

Definition

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

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

awarding agency regulations as program income. Finally, proceeds from the sale of real property, equipment, or supplies are not program income. 2 C.F.R. § 200.307.

Use of Program Income

The default method for the use of program income for the County is the deduction method. 2 C.F.R. § 200.307(e). Under the deduction method, program income is deducted from total allowable costs to determine the net allowable costs. Program income will only be used for current costs unless the County is otherwise directed by the federal awarding agency or pass-through entity. 2 C.F.R. § 200.307(e)(1). The Local Agency may also request prior approval from the federal awarding agency to use the addition method. Under the addition method, program income may be added to the Federal award by the Federal agency and the non-Federal entity. The program income must then be used for the purposes and under the conditions of the Federal award. 2 C.F.R. § 200.307(e)(2).

While the deduction method is the default method, the County always refers to the grant award letter prior to determining the appropriate use of program income.

Franklin County does not have grants that operate for profit. Departments that administer grants may receive donations outside of the grants specified for specific use by the donor. An appropriate revenue line is used from the State of Tennessee Uniform Chart of Accounts for deposit with the Franklin County Trustee. (i.e. 141-48130 School General Fund – Contributions or 141-48610 - Donations). These funds are then budgeted by the Finance Director or Deputy Finance Director as offsetting revenue/expenditure, to expend the funds as designated by the contributor or donor.) The process for a budget amendment is outlined in C-6 of the document.

III. Procurement System

The County maintains the following purchasing procedures.

A. Responsibility for Purchasing

Under the Financial Act of 1981, the Franklin County Finance Department is responsible for all purchases made for Franklin County, TN. The Director of Schools, Highway Superintendent, County Mayor, and other Department Heads have the authority to designate within their departments positions responsible for executing a requisition for items over \$25.00. Notification to the Finance Department is on file of the designee list. Signed requisitions are submitted to the Finance Department for determination of funds availability and other applicable markers as

restricted funds, etc. The Finance Director or designee determines the availability of funds & reasonableness of the purchase. If available a purchase order number is given and then processed. Signatures to authorize funds and purchases are as follows:

- School District – Finance Director or Deputy Director
- Highway – Finance Director & Highway Superintendent
- County – Finance Director & County Mayor
(Each position has a backup when absent. The Deputy Finance Director for the Finance Director; the Assistant School Director for the School Director; the Assistant Highway Superintendent for the Highway Superintendent; the County Commission Pro Tempore Chairman for the County Mayor)

Single Items that cost more than \$5,000 require three quotes, if possible. Single Source items are an exception for the quote requirement. Documentation or notes are required for this allowance. The Bid Threshold for Franklin County is \$25,000. The Finance Director is the Purchasing Agent for Franklin County, TN.

http://www.franklincountyfinance.com/policies_procedures.html is in Chapter 8

B. Purchase Methods

The type of purchase procedures required depends on the cost of the item(s) being purchased. **Note, if state or local procurement policy is more restrictive than the federal purchase methods below, counties/districts must always follow the most restrictive policy.**

Purchases up to \$25,000

T.C.A. Annotated (T.C.A.) allows a district to choose to follow the prescribed purchasing procedures of the district's local governing body, or to develop its own policies and procedures. T.C.A. § 49-2-203 (a)(3)(B) states, "If the LEA chooses not to follow the local governing body's purchasing procedures, all purchases of less than ten thousand dollars (\$10,000) may be made in the open market without newspaper notice, but shall, whenever possible, be based upon at least three (3) competitive bids." **The 2015 Public Chapter 457 amended Title 12, Chapter 3 authorizes the County commission by resolution, to increase the threshold over which public advertisement and sealed competitive bids or proposals are required to an amount up to \$25,000 for non-emergency, non-proprietary purchases in counties having "centralized purchasing" and a full time purchasing agent. The Franklin County Commission approved this Resolution 8f-0915 on September 21, 2015, to raise Franklin County's bid threshold to \$25,000.**

- Procurement Documents
 - A signed requisition is utilized by all departments to request a purchase order.

- Purchase order numbers are generated by an Excel spreadsheet. Finance designated personnel have access to this file and are able to give numbers based on legitimate approved requisitions in hand.
- Purchase orders are then entered into the NexGen purchasing software by the designated finance personnel. When printed there is a pre-printed form utilized in the process, the purchase order is then clipped to the requisition, etc. for approval.
- Required information contained on the purchase order
 - Should include a description of the services to be performed or goods to be delivered;
 - A location where the services are to be performed or goods to be delivered; and
 - The appropriate dates of service or delivery & delivery conditions
 - Cost of Service or Goods
 - Purchase Order Number
 - County Contact for the Purchase
 - Contract, Bid or Grant Information
- The original green executed purchase order is kept with finance department, accounts payable personnel, with the requisition and corresponding documentation pertinent to the purchase. The purchase order is kept in an Excel file database and in the NexGen Purchasing Software for accounting purposes.
- Responsibilities
 - Department Heads designate personnel within their department to handle the issuance of a requisition.
 - Department designees fill out the requisitions and seeks Department Head approval?
 - If a contract is involved, Department Heads obtain draft contracts from Vendors or attorneys. Contracts are reviewed. Contracts spanning more than one fiscal year require Franklin County Commission approval by resolution.
 - Mutli-year contracts are given to the Finance Director for submittal to the Finance Committee for review and recommendation to the County Commission. School and Highway Multi-year contracts are first approved by the School Board and Highway Commission
 - The County Commission upon approving the multi-year contracts give the authority of signature to the Finance Director.
- Required Number and Types of Quotations
 - Three quotes are required for single items over the \$5,000 limit
 - Quotes may be oral or written, a finance form is on hand for use, but not required.
 - If written, the quotes are received by the person responsible for the requisition.

- The three quotes must be received before a purchase order, requisition, or contract is made. If not available, notes as to the reason are needed.
- The person responsible for the preparation of the requisition is responsible for obtaining the quotes, unless they require assistance from the finance department.
- Quote information is kept with the requisition and purchase order as back up documentation.

Purchases over \$25,000

T.C.A. Annotated allows a district to choose to follow the prescribed purchasing procedures of the district's local governing body, or to develop its own policies and procedures. Regarding purchases estimated to exceed ten thousand dollars (\$10,000), T.C.A. § 49-2-203 (a)(3)(A) states "All expenditures for such purposes may follow the prescribed procedures of the LEA's respective local governing body, so long as that body, through its charter, private act or ordinance has established a procurement procedure that provides for advertisement and competitive bidding, except that, if a newspaper advertisement is required, it may be waived in case of emergency.

If the LEA chooses not to follow the local governing body's purchasing procedures, all expenditures for such purposes estimated to exceed ten thousand dollars (\$10,000) or more shall be made on competitive bids, which shall be solicited by advertisement in a newspaper of general circulation in the County, except that the newspaper advertisement may be waived in the event of an emergency. School districts that have a purchasing division may use a comprehensive vendor list for the purpose of soliciting competitive bids; provided, further, that the purchasing division shall periodically advertise in a newspaper of general circulation in the County for vendors and shall update the list of vendors following the advertisement."

Regarding purchases less than ten thousand dollars (\$10,000) T.C.A. § 49-2-203 (a)(3)(B) states "If the LEA chooses not to follow the local governing body's purchasing procedures, all purchases of less than ten thousand dollars (\$10,000) may be made in the open market without newspaper notice, but shall, whenever possible, be based upon at least three (3) competitive bids."

The 2015 Public Chapter 457 amended Title 12, Chapter 3 authorizes the County commission by resolution, to increase the threshold over which public advertisement and sealed competitive bids or proposals are required to an amount up to \$25,000 for non-emergency, non-proprietary purchases in counties having "centralized purchasing" and a full time purchasing agent. The Franklin County Commission approved this Resolution 8f-0915 on September 21, 2015, to raise Franklin County's bid threshold to \$25,000.

http://www.franklincountyfinance.com/policies_procedures.html is in Chapter 8

Purchases over \$25,000, require advertised, competitive signed & sealed bids:

- Procurement Documents upon completion of the competitive advertised and sealed bid.
 - A Request for Bids form is completed at the beginning of the bid process noting whether the department head wishes to complete the requisition process or if they wish the Finance Director to process the requisition after the waiting period of a bid awarded by the Finance Director.
 - A standard Franklin County Finance “Requisition Form” is generated by the Department Heads designee or the Finance Director and has required information attached to the requisition in order for the finance department to determine if a purchase order can be issued for the request. Requisition copies are kept on file within the department making the request. The requisition forms are not numbered.
 - When a purchase is made the following information must be contained on the purchase order
 - Bid Date, time and number if applicable
 - Should include a description of the services to be performed or goods to be delivered;
 - A location where the services are to be performed or goods to be delivered; and
 - The appropriate dates of service or delivery.
 - Cost of Service or Goods
 - Purchase Order Number
 - County Contact for the Purchase
 - Contract, Bid or Grant Information
 - Once the purchase is made. The Department head designee, sends the packing slip, invoice, or any other verification that services or goods have been received and are in good order and can be paid for to the finance department accounts payable designee responsible for the payment of their department’s invoices. All Purchase Orders, Requisitions and other information obtained from the department are kept on file with the original invoice and check stub after payment. Documentation is filed in alphabetical order of the Vendor at the Finance Department.
 - The bid file contains all the required information to determine if a purchase order can be issued and kept on file with the Finance Director seven years at the end of the bid contract period unless, Federal, State or Other Grantee sources dictate longer.
- Responsibilities
 - The requisition is filled out by the requesting department personnel or the Finance Director if requested on the “Request for Bids” form

- The Finance Director or the Director's Designee receives the requisition and approves it
- If a contract is involved, Department Heads obtain draft contracts from Vendors or attorneys. Contracts are reviewed. Contracts spanning more than one fiscal year require Franklin County Commission approval by resolution.
- Multi-year contracts are given to the Finance Director for submittal to the Finance Committee for review and recommendation to the County Commission. School and Highway Multi-year contracts are first approved by the School Board and Highway Commission
- The County Commission upon approving the multi-year contracts give the authority of signature to the Finance Director.
- Required Number and Types of Quotations
 - When a bid is processed it is favorable to receive three or more bids, however not a requirement if the one or two bids are found competitive and reasonable
 - Bids and Request for Proposals are in an "Official Bid Document" form, signed, sealed, and delivered.
 - Bids are received in the Finance Department by a specified date and time and are time stamped and logged in the bid file
 - Purchase orders aren't processed until three business days after a bid award is processed. If the bid award is under protest, the protest is resolved prior to the purchase order approval.
 - The Finance Director is the Purchasing Agent and responsible for receiving bids and Request for Proposals
 - Bid Files are kept in the Finance Department in accordance to the Record Management Act. The Following completes a bid file
 - A. Executed "Request for Bid" Form
 - B. Draft Specifications provided by the Department for the Bid
 - C. Correspondence of the Notice of Bid to the local paper, etc. and a copy of notice
 - D. Official Bid Packet – prepared by the Finance Department
 - E. List of Vendors contacted and invited to bid
 - F. Bid Packet Request correspondence
 - G. Bid Log, with date & time received
 - H. Bid Meeting Attendance Log
 - I. Original Bid Submittals
 - J. Bid Award Letter, Proof of correspondence,
 - K. Bid Protest if applicable and Protest response and resolution documents

Competitive Proposals: The technique of competitive proposals is normally conducted with more than one source submitting an offer, and either a fixed price or cost-reimbursement type contract is awarded. It is generally used when conditions are not appropriate for the use of sealed bids. If this method is used, the following requirements apply:

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

For competitive proposals, EDGAR requires recipients to have a written method for conducting technical evaluations of the proposals received and for selecting recipients.

Request for Proposals are handled in the same matter as advertised sealed bids

- Procurement Documents upon completion of the competitive advertised and sealed Request for Proposal.
 - A Request for Bids form is completed at the beginning of the bid process noting whether the department head wishes to complete the requisition process or if they wish the Finance Director to process the requisition after the waiting period of a bid awarded by the Finance Director.
 - A standard Franklin County Finance “Requisition Form” is generated by the Department Heads designee or the Finance Director and has required information attached to the requisition in order for the finance department to determine if a purchase order can be issued for the request. Requisition copies are kept on file within the department making the request. The requisition forms are not numbered.
 - When a purchase is made the following information must be contained on the purchase order
 - Request for Proposal Date, time and number if applicable
 - Should include a description of the services to be performed or goods to be delivered;
 - A location where the services are to be performed or goods to be delivered; and
 - The appropriate dates of service or delivery.
 - Cost of Service or Goods
 - Purchase Order Number
 - County Contact for the Purchase

- Contract, Request for Proposal or Grant Information
- Once the service is rendered and complete. The Department head designee, sends the invoice or any other verification that services or goods have been received and are in good order and can be paid for to the finance department accounts payable designee responsible for the payment of their department's invoices. All Purchase Orders, Requisitions and other information obtained from the department are kept on file with the original invoice and check stub after payment. Documentation is filed in alphabetical order of the Vendor at the Finance Department.
- The Request for Proposal file contains all the required information to determine if a purchase order can be issued and kept on file with the Finance Director seven years at the end of the contract period unless, Federal, State or Other Grantee sources dictate longer.
- Responsibilities
 - The requisition is filled out by the requesting department personnel or the Finance Director if requested on the "Request for Bids" form
 - The Finance Director or Director Designee receives the requisition and approves it
 - If a contract is involved, Department Heads obtain draft contracts from Vendors or attorneys. Contracts are reviewed. Contracts spanning more than one fiscal year require Franklin County Commission approval by resolution.
 - Mutli-year contracts are given to the Finance Director for submittal to the Finance Committee for review and recommendation to the County Commission. School and Highway Multi-year contracts are first approved by the School Board and Highway Commission
 - The County Commission upon approving the multi-year contracts give the authority of signature to the Finance Director.
- Required Number and Types of Quotations
 - When a Request for Proposal is processed it is favorable to receive three or more bids, however not a requirement if the one or two responses are found competitive and reasonable
 - Request for Proposals are in the requested format as applicable, signed, sealed, and delivered.
 - Request for Proposals are received in the Finance Department by a specified date and time and are time stamped and logged in the Proposal file
 - Purchase orders aren't processed until three business days after a Proposal award is processed. If the bid award is under protest, the protest is resolved prior to the purchase order approval.

- The Finance Director is the Purchasing Agent and responsible for receiving Request for Proposals
- Proposal Files are kept in the Finance Department in accordance to the Record Management Act. The Following completes a proposal file
 - L. Executed “Request for Bid/Proposal” Form
 - M. Draft Specifications provided by the Department for the Proposal
 - N. Correspondence of the Notice of Request for Proposal to the local paper, etc. and a copy of notice
 - O. Official Request for Proposal Packet – prepared by the Finance Department
 - P. List of Vendors contacted and invited to make a proposal
 - Q. “Request for Proposal” Packet Request correspondence
 - R. Proposal Log, with date & time received
 - S. Proposal Meeting Attendance Log
 - T. Original Proposal Submittals
 - U. Proposal Acceptance Letter & proof of correspondence
 - V. Proposal Protest if applicable and Protest response and resolution documents

Architectural/Engineering Professional Services: The County may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby competitors' qualifications are evaluated and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. The method, where price is not used as a selection factor, can only be used in procurement of A/E professional services. It cannot be used to purchase other types of services though A/E firms are a potential source to perform the proposed effort.

Contract/Price Analysis: A cost or price analysis is performed in connection with every procurement action in excess of \$150,000, including contract modifications. 2 C.F.R. § 200.323(a). A cost analysis generally means evaluating the separate cost elements that make up the total price, while a price analysis means evaluating the total price, without looking at the individual cost elements.

The method and degree of analysis is dependent on the facts surrounding the particular procurement situation; however, Counties must come to an independent estimate prior to receiving bids or proposals. 2 C.F.R. § 200.323(a).

When performing a cost analysis, the County negotiates profit as a separate element of the price. To establish a fair and reasonable profit, consideration is given to the complexity of the work to

be performed, the risk borne by the contractor, the contractor's investment, the amount of subcontracting, the quality of its record of past performance, and industry profit rates in the surrounding geographical area for similar work. 2 C.F.R. § 200.323(b).

On contract work of this nature Franklin County utilizes professional services of an Architectural Engineer. In most cases the firm is responsible for preparing the "Official Bid Document", "Request for Proposal" Document, and the "Bid Notice" for Publication. The finance department receives bids or proposals and keeps the original files. The architectural firm administers the bid proceedings and prepares a bid or proposal tabulation and then meets with the County Mayor, Director of Schools or Highway Superintendent. If necessary the architects meet with the Commissions or Board for presentation of the project and cost results. If the project is approved to proceed an award letter is prepared by the Finance Director and there is a three business day waiting period until a requisition and purchase order can be processed.

Noncompetitive Proposals (Sole Sourcing)

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

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

Educational Consultants and Similar Services: In order to procure educational consultants in accordance with T.C.A. § 12-4-106(a)(1), the procurement must be paid with state or local funds:

Contracts by counties, cities, metropolitan governments towns, utility districts and other municipal and public corporations of the state, for legal services, fiscal agent, financial advisor or advisory services, educational consultant services and similar services by professional persons or groups of high ethical standards, shall not be based upon competitive bids, but shall be awarded on the basis of recognized competence and integrity. The prohibition against competitive bidding in this section shall not prohibit any entity enumerated from interviewing eligible persons or groups to determine the capabilities of such persons or groups.

Noncompetitive Proposal Methods are often utilized for Professional Services for Franklin County, TN.

- Procurement Documents upon completion of the noncompetitive Proposal Methods
 - The Department Head – Director of Schools, Highway Superintendent, County Mayor, Other Elected Official, or Finance Director may request documents from professional service providers to help ascertain qualifications and best fit with the needs of Franklin County.
 - Once the request are fulfilled the Department Heads meet with their governing board if applicable or the Finance Director to determine if the services can be provided under the Federal, State or Local guidelines.
 - A standard Franklin County Finance “Requisition Form” is generated by the Department Heads designee or the Finance Director and has required information attached to the requisition in order for the finance department to determine if a purchase order can be issued for the request. Requisition copies are kept on file within the department making the request. The requisition forms are not numbered.
 - When a purchase is made the following information must be contained on the purchase order
 - The original document file is kept in the department that request the qualifications/proposals
 - Request for Proposal Date, time and number if applicable
 - Should include a description of the services to be performed or goods to be delivered;
 - A location where the services are to be performed or goods to be delivered; and
 - The appropriate dates of service or delivery.
 - Cost of Service or Goods
 - Purchase Order Number
 - County Contact for the Purchase
 - Contract, Request for Proposal or Grant Information
 - Once the service is rendered and complete. The Department head designee, sends the invoice or any other verification that services or goods have been received and are in good order and can be paid for to the finance department accounts payable designee responsible for the payment of their department’s invoices. All Purchase Orders, Requisitions and other information obtained from the department are kept on file with the original invoice and check stub after payment. Documentation is filed in alphabetical order of the Vendor at the Finance Department.

- The Qualification/Proposal file contains all the required information to determine if a purchase order can be issued and kept on file with the Finance Director seven years at the end of the contract period unless, Federal, State or Other Grantee sources dictate longer.
- Responsibilities
 - The requisition is filled out by the requesting department personnel or the Finance Director if requested
 - The Finance Director receives the requisition and approves it
 - If a contract is involved, Department Heads obtain draft contracts from Vendors or attorneys. Contracts are reviewed. Contracts spanning more than one fiscal year require Franklin County Commission approval by resolution.
 - Mutli-year contracts are given to the Finance Director for submittal to the Finance Committee for review and recommendation to the County Commission. School and Highway Multi-year contracts are fist approved by the School Board and Highway Commission
 - The County Commission upon approving the multi-year contracts give the authority of signature to the Finance Director.
- Required Number and Types of Quotations
 - When a Qualifications for services are processed it is favorable to receive three or more, however not a requirement if the one or two responses are found competitive and reasonable
 - Qualification Proposals can be received by mail, email, or delivery.
 - Qualification Proposals are received in the department that the request originated from and may be time sensitive and kept in on file
 - Purchase orders are processed when the Professional Service is requested, if funding is budgeted.

Cost Price Analysis and Sole Source

A cost or price analysis will be performed for noncompetitive proposals when the price exceeds \$150,000.

C. Purchase & Credit Cards

Franklin County utilizes Credit Card and Purchase Card accounts. They are handled in the same regard. The following link to the Franklin County Policies and Procedures Manual contains the policy:

http://www.franklincountyfinance.com/policies_procedures.html is in Chapter 8

D. Full and Open Competition

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

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

EDGAR further requires the following to ensure adequate competition.

Geographical Preferences Prohibited

The County/District must conduct procurements in a manner that prohibits the use of statutorily or administratively imposed state, local, or tribal geographical preferences in the evaluation of bids or proposals, except in those cases where applicable federal statutes expressly mandate or encourage geographic preference. When contracting for architectural and engineering (A/E) services, geographic location may be a selection criterion provided its application leaves an appropriate number of qualified firms, given the nature and size of the project, to compete for the contract.

Prequalified Lists

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

Solicitation Language

The County must ensure that all solicitations incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description must not, in competitive procurements, contain features which unduly restrict competition. The description may include a statement of the qualitative nature of the material, product, or service to be procured and, when necessary, must set forth those minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use. Detailed product specifications should be avoided if at all possible.

When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a “brand name or equivalent” description may be used as a means to define the performance or other salient requirements of procurement. The specific features of the named brand which must be met by offers must be clearly stated; and identify all requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals. 2 C.F.R § 200.319(c).

E. Federal Procurement System Standards

Avoiding Acquisition of Unnecessary or Duplicative Items

The County must avoid the acquisition of unnecessary or duplicative items. Additionally, consideration is given to consolidating or breaking out procurements to obtain a more economical purchase. And, where appropriate, an analysis must be made of leases versus purchase alternatives, and another other appropriate analysis to determine the most economical approach. These considerations are given as part of the process to determine the allowability of each purchase made with federal funds.

http://www.franklincountyfinance.com/policies_procedures.html is in Chapter 8.3.8

Use of Intergovernmental Agreements

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

http://www.franklincountyfinance.com/policies_procedures.html is in Chapter 8.3.7

Use of Federal Excess and Surplus Property

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

http://www.franklincountyfinance.com/policies_procedures.html is In Chapter 10.5

Debarment and Suspension

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

The County may not subcontract with or award sub-grants to any person or company who is debarred or suspended and is required to check for excluded parties at the System for Award Management website before any procurement transaction. This list is located at: <http://www.sam.gov/>. The following is a link to the local policies & procedures:

http://www.franklincountyfinance.com/policies_procedures.html is in Chapter 8

Maintenance of Procurement Records

The County must maintain records sufficient to detail the history of all procurements. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, the basis for the contract price (including a cost or price analysis), and verification that the contractor is not suspended or debarred.

http://www.franklincountyfinance.com/policies_procedures.html is in Chapter 2.6

Time and Materials Contracts

The County may use a time and materials type contract only if (1) after a determination that no other contract is suitable; and (2) if the contract includes a ceiling price that the contractor exceeds at its own risk. Time and materials type contract means a contract whose cost to the County is the sum of: the actual costs of materials, and direct labor hours charged at fixed hourly rates that reflect wages, general and administrative expenses, and profit.

Since this formula generates an open-ended contract price, a time-and-materials contract provides no positive profit incentive to the contractor for cost control or labor efficiency. Therefore, each contract must set a ceiling price that the contractor exceeds at its own risk. Further, the County must assert a high degree of oversight in order to obtain reasonable assurance that the contractor is using efficient methods and effective cost controls.

http://www.franklincountyfinance.com/policies_procedures.html is in Chapter 8.3.2

Settlements of Issues Arising Out of Procurements

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

http://www.franklincountyfinance.com/policies_procedures.html is in Chapter 8 (Bid Policy)

Protest Procedures to Resolve Dispute

The County shall maintain protest procedures to handle and resolve disputes relating to procurements and, in all instances, disclose information regarding the protest to the awarding agency.

http://www.franklincountyfinance.com/policies_procedures.html is in Chapter 8 (Bid Policy)

F. Conflict of Interest Requirements

Standards of Conduct

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

No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a federal award if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any

of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract.

The officers, employees, and agents of the County may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts, unless the gift is an unsolicited item of nominal value.

http://www.franklincountyfinance.com/policies_procedures.html is in Chapter 2.4

Organizational Conflicts

Organizational conflicts of interest means that because of relationships with a parent company, affiliate, or subsidiary organization, the non-Federal entity is unable or appears to be unable to be impartial in conducting a procurement action involving a related organization. 2 C.F.R § 200.318(c)(2).

http://www.franklincountyfinance.com/policies_procedures.html is in Chapter 2.4

Disciplinary Actions

Recommendations for disciplinary action may be provided by the Ethics Committee or Finance Committee to the Department with supervising responsibility of the individual(s) of misconduct in the Franklin County purchasing policies. The responsible department head will follow through with the appropriate actions deemed necessary.

http://www.franklincountyfinance.com/policies_procedures.html is in Chapter 2.4 (Ethics Policy)

Mandatory Disclosure

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

http://www.franklincountyfinance.com/policies_procedures.html is in Chapter 2.4 (Ethics Policy)

G. Contract Administration

The County shall maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders 2 C.F.R. § 200.318.

The department head responsible for verifying that services or goods have been received as agreed to on the Franklin County Purchase Order and Contracts will provide sufficient documentation (i.e. signed invoice or packing slip, memorandum) in order for the Finance Department accounts payable personnel to make payment. If the services of an architectural or construction management firm is used, they will provide proper documentation in the form of a memorandum or a certified AIA (American Institute of Architects) document G702, etc. Department Heads other than the Finance Director are the authorizing parties on such forms, due to the fact the Finance Director authorized the purchase order for segregation of duties.

IV. Property Management Systems

A. Property Classifications

Equipment means tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the District for financial statement purposes, or \$5,000. 2 C.F.R. § 200.33.

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

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

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

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

B. Inventory Procedure

For the District all inventory items are received through the School Shipping and Receiving Department. The Shipping and Receiving Department keeps the white copies of all purchase orders pertaining to goods that will be received at their location. The individual department receives a yellow copy of the purchase order. Upon receipt in the shipping department a “receiving cover sheet” is used that notes the purchase order number, vendor, date received, number of boxes/items, item description if needed, date delivered, location to deliver to, back ordered items, fixed assets applicable, date purchase order is complete, item#, fixed asset#, serial# or service tag# and receiving signature. Then the School Shipping and Receiving Department tags the equipment and delivers the items to the schools, board, etc. The item is listed on the inventory listing if the cost is \$50 or has an electronic cord by each department at year end the inventory list is received by the Program Managers. The receiving cover sheet and back up documentation is forwarded to the Franklin County Finance Department for issuance of payment. Items over \$5,000 are added to the fixed assets by the Deputy Finance Director. The School Technology Department is responsible for configuring and adding electronic computing devices as applicable.

All other departments receive their own goods and services. They tag the equipment if applicable. They keep yellow copies of all purchase orders pertaining to goods that will be received at their location. Upon receipt of the individual items that cost over \$100, they are assigned an inventory# and added to the department’s inventory list. The department will then send documentation verifying receipt of goods/services to the finance department accounts payable personnel for issuance of payment. The documents are kept on file in the finance department. Items over \$5,000 are added to the fixed assets by the Finance Director. The department head that is in receipt of the electronic computing equipment is responsible for configuring or having the equipment installed. The County does not have a technology department outside of schools.

C. Inventory Records

For each equipment and computing device purchased with federal funds, the following information is maintained:

- Serial number or other identification number;
- Source of funding for the property;
- Who holds title;
- Acquisition date and cost of the property;
- Percentage of federal participation in the project costs for the federal award under which the property was acquired;

- Location, use and condition of the property; and
- Any ultimate disposition data including the date of disposal and sale price of the property if measureable.

For lost, stolen, or damaged property within the schools, District employees notify their supervisor of the incident. The supervisor notifies the Technology Department at the Board of Education. An Incident report is filed with the Assistant Director of Schools. That report is then forwarded to the Finance Department, Risk Management personnel if it is applicable to file an insurance claim. The deductible on claims is \$1,000. The Technology Department removes the item from the inventory list if item is gone or beyond repair. If the item is on the fixed asset list (value \$5,000 or more), the Finance Deputy Director is notified to remove the item from the fixed asset list.

The District Technology Department maintains the inventory list and is responsible of disposing/selling of surplus items. District items are declared surplus by the Board of Education. Upon declaration, they are disposed of by auction if the disposal value warrants it.

For lost, stolen, or damaged property in other County departments, employees notify their supervisor of the incident. The supervisor notifies the Finance Department, Risk Management personnel if it is applicable to file an insurance claim. The deductible on claims is \$1,000. The supervisor of the department removes the item from the inventory list if it is gone, or damaged beyond repair. If the item is on the fixed asset list (value \$5,000 or more), the Finance Director is notified to remove the item from the fixed asset list.

Each County Department maintains their own inventory list and is responsible of disposing/selling of surplus items. County items are declared surplus by the department. Upon declaration, they are disposed of by auction if the disposal value warrants it.

D. Physical Inventory

A physical inventory of the property must be taken and the results reconciled with the property records every year.

District employees have a list of inventory for which they are responsible. Each Department head is responsible for the annual review of their inventory listing. If applicable the listing is sent to the Program Managers prior to the end of the school year.

Each County Department has a designee responsible for the annual review of their inventory listing. This list upon completion is sent to the County Mayor's office by August 1st.

E. Property/Equipment Maintenance

In accordance with 2 C.F.R.313(d)(4), the District maintains adequate maintenance procedures to ensure that property is kept in good condition.

District electronic equipment is maintained by the Technology Department. For building issues or large equipment, the Maintenance Department is responsible for repair or replacement. Both departments have online work order submittals.

Most County departments contract hardware/software maintenance. If an equipment item needs repair or replacement the situation is handled on an as needed basis by the department head. If the issue is in regard to a County building, the County Mayor is notified by a completed work order form. If the Maintenance Department can't resolve the issue, resolution is sought by the Department Head, County Mayor & Finance Director.

F. Lost or Stolen Items

The County maintains control systems that ensure adequate safeguards are in place to prevent loss, damage, or theft of the property. Equipment that is stolen is reported to local jurisdiction of law enforcement.

District employees have equipment assigned to them for work related use. They are responsible for securing these items at all times. At the individual schools and Board of Education there are items available for school use upon check out. They are assigned to the individual checking them out and returned upon the discontinuation of use.

If County employees have equipment assigned to them for work related use. They are responsible for securing these items at all times. At the individual departments there may be items available for school use upon check out. They are assigned to the individual checking them out and returned upon the discontinuation of use.

For all departments if an item is lost, stolen, or damaged beyond repair it is the employee that finds this to be the case, notifies their supervisor. The supervisor then files a report with law enforcement if needed and Finance Department Risk Management personnel. If the item can't be retrieved, fixed and placed back in service, the school Technology Department is notified and the Finance Director and/or Deputy Director in the case of being a fixed asset. The property is immediately taken off the inventory and/or fixed asset list.

G. Use of Equipment

Equipment must be used in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by the federal award, and the County will not encumber the property without prior approval of the federal awarding agency and the pass-through entity. When no longer needed for the original program or project, the equipment may be used in other activities supported by the federal awarding agency, in the following order of priority: (1) activities under a federal award from the federal awarding agency which funded the original program or project; then (2) activities under federal awards from other federal awarding agencies.

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

As inventory items are no longer needed for a particular program the District Technology Department is notified and the availability of the item is made known to other program managers. The technology department maintains computer items for stock to replace those in disrepair. The technology department maintains the location of the item on the master inventory listing.

H. Disposal of Equipment

When it is determined that original or replacement equipment acquired under a federal award is no longer needed for the original project or program or for other activities currently or previously supported by a federal awarding agency, the shall contact the awarding agency (or pass-through for a state-administered grant) for disposition instructions.

Generally, disposition of equipment is dependent on its fair market value (FMV) at the time of disposition. If the item has a current FMV of \$5,000 or less, it may be retained, sold, or otherwise disposed of with no further obligation to the federal awarding agency. If the item has a current FMV of more than \$5,000, the federal awarding agency is entitled to the federal share of the current market value or sales proceeds.

If acquiring replacement equipment, the County may use the equipment to be replaced as a trade-in or sell the property and use the proceeds to offset the cost of the replacement property.

The District Technology Department is responsible for the disposal of District equipment. Other County Department Heads are responsible for the disposition of County equipment. The Board of Education, Highway Commission and County Commission have approved the means of disposal by auction on the "GovDeals" online auction site. If a site is seen to not have value in auction, it is recycled if possible through the Solid Waste Department. If not a recyclable, it is disposed of at the Solid Waste Department.

V. Written Compensation Policies

A. Time and Effort

Time and Effort Standards

All employees who are paid in full or in part with federal funds must keep specific documents to demonstrate the amount of time they spent on grant activities. C.F.R. § 200.430(i)(1). In addition, employees who are paid from state and local funds, but whose salaries are used for cost sharing or matching must also keep time and effort documentation. 2 C.F.R. § 200.430(i)(4).

Charges to federal awards for salaries and wages must be based on records that accurately reflect the work performed. In accordance with 2 C.F.R. § 200.430(i)(1), these records must:

- Be supported by a system of internal controls which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- Be incorporated into official records;
- Reasonably reflect total activity for which the employee is compensated, not exceeding 100% of compensated activities;
- Encompass both federally assisted and all other activities compensated by the County on an integrated basis;
- Comply with the established accounting policies and practices of the County and
- Support the distribution of the employee's salary or wages among specific activities or costs objectives.

Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to federal awards, but may be used for interim accounting purposes provided that the system for establishing the estimates produces reasonable approximations of the activity actually performed. 200.430(i)(1)(viii).

Time and Effort Procedures

In order to meet the above requirements, all employees who must complete time and effort forms must submit either a semi-annual certification or a personnel activity report (PAR) as required below. The type of form depends on the number of cost objectives that an employee works on.

A cost objective is a program, function, activity, award, organizational subdivision, contract, or work unit of which cost data are described and from which provision is made to accumulate and measure the cost of processes, products, jobs, capital projects, etc. 2 C.F.R. § 200.28.

All employees who work on a single cost objective must complete a semi-annual certification. The semi-annual certification must be:

1. Completed at least every six (6) months;
2. Be signed by the employee or the supervisor with direct knowledge of the work being performed;
3. Reflect an after-the-fact distribution of the actual activity; and
4. Account for the total activity for which each employee is compensated.

All employees who work on multiple cost objectives must complete PARs that support the distribution of their salaries /wages that meet the following standards:

1. Reflect an after-the-fact distribution of the actual activity;
2. Account for the total activity for which each employee is compensated;
3. Are prepared at least monthly & coincide with one or more pay periods; and
4. Are signed by the employee.

District and County employees track their time and effort individually by timesheets or other suitably determined document. The Grant Program Manager submits this information yearly to be checked for proper budget proration and expenses. Time and effort documents are reviewed annually by the Grantor Program Managers or Representatives. If funds are received through another County as pass through funds, executed time and effort documents are required to be kept on file with that County. The Federal Program Manager is responsible for this submittal.

Reconciliation and Closeout Procedures

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

If using budget estimates for interim accounting purposes, EDGAR requires recipients to identify and enter into the records in a timely manner any significant changes in the corresponding work activity. Additionally, the recipient must have a system of internal controls to review after-the-fact interim charges made to a federal award based on budget estimates. All necessary adjustments must be made such that the final amount charged to the federal award is accurate, allowable, and properly allocated.

County/District Federal Program Managers receive a "Statement of Expenditures" in regard to their particular programs on a monthly basis. These reports are reviewed for accuracy and to track their ongoing program's progress. If there are discrepancies noticed by the Federal Program Managers they contact the Finance Director and/or Finance Deputy Director. The parties work together to establish if journal entries need to be processed or if a budget amendment is needed for their program on the local level and at the Grantor level. District/County Federal Program Managers judge amendment needs based on the available funds and program needs. For District reporting the Finance Deputy Director reports on a monthly basis. For other County Federal, State, or Other Grantor Sources, the reporting is on a monthly if possible or at least a quarterly basis. The Finance Director or the Federal Program Director is responsible for these program reports.

At fiscal year-end Federal Program Managers work with the Finance Director and/or Deputy Finance Director in the fiscal year end close of the Federal, State, or other Grantor source funded budgets. District Federal Funds are re-budgeted through ePlan and are reconciled in the new budget year. Other County Grantee funds are re-budgeted in the new fiscal year when the prior fiscal year books are closed and the grant funds can be reconciled properly.

Other close-out procedures include but are not limited too; gathering the time and effort records if necessary, analyzing program efforts and measuring success of the program. If there is a discrepancy in the salary/benefits in regard to proration of the grant funds, it is cleaned up at the year-end by refunding the program in concern. The Federal Program Managers work with the Finance Director and/or Deputy Finance Director in reconciling and processing the refund to the program.

Employee Exits

When a grant program is completed if the program funded positions that are no longer needed or provided for by funding, the employee is terminated based on the program ending and a lack of work. This employee is provided with a separation notice and is required to prepare and provide any information pertinent and required in regard to the grant they were funded under. This information must be made available to the Federal Program Manager prior to the last day of service and the employee exit interview. Those responsible for the approval of grant

application programs for Franklin County try not to pay for positions with grant funds in order to alleviate a situation as this from arising.

B. Human Resources Policies

The County shall have human resource policies which at least cover (1) how employees are hired (2 C.F.R. § 200.430(a)(2)); (2) the extent to which employees may provide professional services outside the District/County (2 C.F.R. § 200.430(c)); (3) the provision of fringe benefits, including leave and insurance, (2 C.F.R. § 200.431)); (4) the use of recruiting expenses to attract personnel (2 C.F.R. § 200.463(b)); and (5) reimbursement for relocations costs. 2 C.F.R. § 200.464.

http://www.franklincountyfinance.com/policies_procedures.html

<https://tsba.net/franklin-county-board-of-education-policy-manual/>

http://www.franklincountyfinance.com/human_resources.html

<http://www.franklincountyfinance.com/payroll.html>

VI. Record Keeping

A. Record Retention

The County maintains all records that fully show (1) the amount of funds under the grant or sub-grant; (2) how the sub-grantee uses those funds; (3) the total cost of each project; (4) the share of the total cost of each project provided from other sources; (5) other records to facilitate an effective audit; and (6) other records to show compliance with federal program requirements. 34 C.F.R. §§ 76.730-.731 and §§ 75.730-.731. The County also maintains records of significant project experiences and results. 34 C.F.R. § 75.732. These records and accounts must be retained and made available for programmatic or financial audit.

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

trained until all litigation, claims, or audit findings involving the records have been resolved and final action taken. 2 C.F.R. § 200.333.

All Grant records are kept on file in the Finance Office and the Federal Program Manager's Office for the legislated time and are disposed by shredding when that time is reached.

http://www.franklincountyfinance.com/policies_procedures.html

in Chapter 2.6 & 11.3.2

<http://eli.ctas.tennessee.edu/reference/records-management>

B. Collection and Transmission of Records

Actual paper copies are kept on file for review of auditors and public upon request, if the "Request for Public Information" process is completed sufficiently. Federal Program Managers and the Finance Director and/or Deputy Finance Director may scan files creating a pdf format that may be emailed to auditors or Grantor Program Managers for review. All files are kept on file for the legislated time applicable in the Finance office or Federal Program Manager's office.

C. Access to Records

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

D. Privacy

All County personnel are responsible for the oversight of the records in their care. Personal information for students, employees or other parties is protected according to statute. Password policies are made and supervised at the department level.

The County has policy in regard to "Request for Public Information". The Director of Schools, Highway, County Mayor, and Finance Director may be contacted in regard to the local policy guidelines. Local guidelines are in accordance with State and Federal regulations.

If a request is made to Franklin County Board of Education in regard to personnel or students and would be applicable to the Family Educational Rights and Privacy Act (FERPA), the Director of

Schools or the Director's Designee is responsible to administer that the request is addressed in a matter that stays within the guidelines of FERPA.

VII. Sub-recipient Monitoring

In the event that the County awards sub-grants to other entities, it is responsible for monitoring those grant sub-recipients to ensure compliance with federal, state, and local laws. Monitoring is the regular and systematic examination of all aspects associated with the administration and implementation of a program. Each program office that awards a sub-grant must have its own monitoring policy. This policy must ensure that any monitoring findings are corrected.

Franklin County Federal Program & Fiscal Program Managers work in the administration of Sub-recipient monitoring if applicable. The Program Manager works with the Sub-recipient personnel to make sure all Grantee guidelines are met. If the Program Manager finds they have not been met a plan of action is devised to bring Franklin County and the Sub-recipient into compliance. The Fiscal Program Manager prepares and reviews financial reports for the fiscal aspect of Grant guidelines. If an issue is found by the Fiscal Program Manager a plan of action is devised to bring Franklin County and the Sub-recipient into compliance.

If the Grant period has ended and the non-compliance issue is raised through the Grantor or an Auditor, the County Federal Program & Fiscal Program Managers work together to develop a plan of action is devised to bring Franklin County and the Sub-recipient into compliance. This may result in a refund. If that is the case, the Fiscal Program Manager prepares a budget amendment to present to the School Board, Highway Commission, Finance Committee, and County Commission to resolve the issue. Once budgeted the refund can be processed and sent to the Grantor for resolution of the non-compliance issue.

VIII. Frequently Asked Questions

IX. Legal Authorities and Helpful Resources

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

- Education Department General Administrative Regulations (EDGAR)
 - <http://www2.ed.gov/policy/fund/reg/edgarReg/edgar.html>
- Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (2 C.F.R. Part 200)
 - <https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200>
- USDE's Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (2 C.F.R. Part 3474)
 - <https://www.ecfr.gov/current/title-2/subtitle-B/chapter-XXXIV/part-3474/section-3474.1>
- Federal program statutes, regulations, and guidance
 - <http://www.ed.gov/>
 - <http://www.justice.gov/>
 - <http://www.transportation.gov/>
 - <http://www.usda.gov/wps/portal/usda/usdahome>
 - <http://www.archives.gov/index.html>
- State regulations, rules, and policies
 - TN State Board of Education Rules and Regulations, Policies, and Guidance
<https://www.tn.gov/sbe/rules--policies-and-guidance.html>
- County/District regulations, rules, and policies
 - Franklin County Board of Education Rules and Regulations
<https://tsba.net/franklin-county-board-of-education-policy-manual/>
 - Franklin County, Tennessee Rules and Regulations
http://www.franklincountyfinance.com/policies_procedures.html
- Organizational Chart
 - http://www.franklincountyfinance.com/meet_the_staff.html