

LANSING SCHOOL DISTRICT

**FEDERAL FINANCIAL INTERNAL CONTROLS
AND PROCEDURES**

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FEDERAL FINANCIAL INTERNAL CONTROLS AND PROCEDURES

As a precondition to receive federal funds, prospective recipients must have effective administrative and financial internal controls. As described in Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, OMB Uniform Guidance and the Compliance Supplement, school districts must have written procedures for certain components of grant administration. This document itemizes the Lansing School District's procedures for those components.

District Wide elements:

The characteristics of internal control are presented in the context of the components of internal control discussed in *Internal Control-Integrated Framework* (COSO Report), published by the Committee of Sponsoring Organizations of the Treadway Commission. The COSO Report provides a framework for organizations to design, implement, and evaluate control that will facilitate compliance with the requirements of Federal laws, regulations, and program compliance requirements. COSO also has published *Guidance on Monitoring Internal Control Systems* (January 2009), which is available at www.coso.org/GuidanceonMonitoring.htm. Statement on Auditing Standards No. 109 (SAS 109), *Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement*, issued by the Auditing Standards Board of the American Institute of Certified Public Accountants (AICPA) and a related AICPA audit guide, *Audit Guide, Assessing and Responding to Audit Risk in a Financial Statement Audit*, incorporate the components of internal control presented in the COSO Report.

Characteristics of internal control relating to each of the five components of internal control that should reasonably assure compliance with the requirements of Federal laws, regulations, and program compliance requirements. A description of the components of internal control and examples of characteristics common to the 12 types of compliance requirements are listed below. Objectives of the 12 types of compliance requirements follow this introduction.

Control Environment sets the tone of an organization influencing the control consciousness of its people. It is the foundation for all other components of internal control, providing discipline and structure.

- Sense of conducting operations ethically, as evidenced by a code of conduct or other verbal or written directive.
- The Board of Education is responsible for engaging the auditor, receiving all reports and communications from the auditor, and ensuring that audit findings and recommendations are adequately addressed.
- Management's positive responsiveness to prior questioned costs and control recommendation.
- Management's respect for and adherence to program compliance requirements.
- Key managers' responsibilities clearly defined.
- Key managers have adequate knowledge and experience to discharge their responsibilities.
- Staff knowledgeable about compliance requirements and being given responsibility to communicate all instances of noncompliance to management.
- Management's commitment to competence ensures that staff receive adequate training to perform their duties.
- Management's support of adequate information and reporting system.

Risk Assessment is the entity's identification and analysis of risks relevant to achievement of its objectives, forming a basis for determining how the risks should be managed.

- Program managers and staff understand and have identified key compliance objectives.
- Organizational structure provides identification of risks of noncompliance:
 - Key managers have been given responsibility to identify and communicate changes.
 - Employees who require close supervision (e.g. inexperienced) are identified.
 - Management has identified and assessed complex operations, programs, or projects.
 - Management is aware of results of monitoring, audits, and reviews and considers related risk of noncompliance.
- Process established to implement changes in program objectives and procedures.

Control activities are addressed in each compliance element area.

Information and Communication are the identification, capture, and exchange of information in a form and time frame that enable people to carry out their responsibilities.

- Accounting system provides for separate identification of Federal and non-Federal transactions and allocation of transactions applicable to both.
- Adequate source documentation exists to support amounts and items reported.
- Recordkeeping system is established to ensure that accounting records and documentation retained for the time period required by applicable requirements, and the provisions of laws, regulations, contracts or grant agreements applicable to the program.
- Reports provided timely to managers for review and appropriate action.
- Accurate information is accessible to those who need it.
- Reconciliations and reviews ensure accuracy of reports.
- Established internal and external communication channels.
 - Staff meetings.
 - Bulletin boards.
 - Memos, circulation files, e-mail.
 - Surveys, suggestion box
 - Lansing School District website
 - In-services & Workshops
- Employees' duties and control responsibilities effectively communicated.
- Channels of communication for people to report suspected improprieties established.
- Actions taken as a result of communications received.
- Established channels of communication between the pass-through entity and subrecipients.

Monitoring is a process that assesses the quality of internal control performance over time.

- Ongoing monitoring built-in through independent reconciliations, staff meeting feedback, supervisory review, and management review of reports.
- Periodic site visits performed at decentralized locations (including subrecipients if applicable) and checks performed to determine whether procedures are being followed as intended.
- Follow up on irregularities and deficiencies to determine the cause.
- Internal reviews are performed.
- Management meets with program monitors, auditors, and reviewers to evaluate the condition of the program and controls.

- The Board of Education reviews the results of all monitoring or audit reports and periodically assesses the adequacy of corrective action if needed.

ACTIVITIES ALLOWED OR UNALLOWED And ALLOWABLE COSTS/COST PRINCIPLES

Control Objectives

To provide reasonable assurance that federal awards are expended only for allowable activities and that the costs of goods and services charged are allowable and in accordance with the applicable cost principles.

Control Activities

- Accountability provided for charges and costs between Federal and non-Federal activities.
 - The board approved district-wide budget and the approved Federal grant application budgets are reviewed periodically by the Director of Finance, Director of Improvement & Innovation, and Board of Education.
- Process in place for timely updating of procedures for changes in activities allowed and cost principles.
 - The Director of Finance reviews Appendix XI to Part 200—Compliance Supplement on an annual basis by reviewing the Supplement for each of the grants that apply to the district that year.
- Computations checked for accuracy.
 - The allowable costs are recorded in the appropriate general ledger accounts and the accounting software is designed to ensure balances are mathematically accurate.
- Supporting documentation compared to list of allowable and unallowable expenditures.
 - The Director of Finance and the program director reviews all expenditures prior to being submitted for reimbursement by comparing to the Supplement.
- Adjustments to unallowable costs made where appropriate and follow-up action taken to determine the cause.
 - Upon determination of an unallowable cost, the Director of Finance would reclass the expenditure to an appropriate account; notify the pass-thru agency; and discuss the purchase with the district program director to gain understanding of the initial allowability assessment.
- Adequate segregation of duties in review and authorization of costs.
 - The district program director approves the purchase by submitting a requisition to the Purchasing Department; the Business Specialist approves the requisition and converts it to a purchase order; the purchase order is then approved by the appropriate approval group; the accounts payable clerk places the order through processing of the purchase order; and the accounts payable clerk processes payment upon receipt of appropriate documentation after the goods have been received.
- Accountability for authorization is fixed in an individual who is knowledgeable of the requirements for determining activities allowed and allowable costs.
 - The Director of Finance is the final authorization of reimbursement requests.

Procedures:

The Compliance Office, Chief Academic Officer, Superintendent, building school improvement teams, and the Director of Finance establishes the budget for the program based on the district's academic needs and set aside/distribution regulations. The buildings/departments are given a per student allocation and the buildings/departments then establish a budget along with narratives that reflect the needs of their CNA data. The Compliance Office completes the first review of the building/department budgets to ensure they meet the allowable use of funds. The Accounting Department completes the second review of the

budget/narratives to ensure the budgets are in balance and that they are coded to the correct account number to align with the Michigan Public School Accounting Manual. Once both offices have completed their review, the budgets are submitted to the grantor for additional review and approval.

Upon the grantor's approval of the submitted budget, the Accounting Department enters the budget for the allowable and approved costs into the accounting system, eFinance. eFinance allows both the Accounting Department and Compliance Office, as well as the building/departments to monitor expenditures. The Accounting Department monitors actual expenditures closely on a monthly basis and ensure that they are properly recorded and are approved by the State. The Compliance Office closely monitors the activities applied to the grant and individual transactions to ensure that all of the goals of the programs are being met. The respective building principals, department directors, and Compliance Office staff ensure that all employees that are charged to the grant have the necessary documentation to support the allocation. If questions arise as to allowable costs, employees are to contact their supervisor or if necessary, contact the district's Office of Financial Services representative.

Key Controls:

The program budget is determined by a team of managers and school improvement teams. The buildings/departments are given a per student allocation that cannot be exceeded. There is dual review of the building/department budgets by both the Compliance Office and the Accounting Department to ensure that the budgets meet the allowable use of funds, are in balance, and are coded to the correct account number. The Compliance Office closely monitors the activities and transactions applied to the grant, and the Accounting Department monitors the overall expenditures applied to the grant (on a monthly basis) to ensure they are within the approved budget allocation. The Accounting Manager also reviews the general ledger detail when making the requests for program funds (reimbursement requests) to ensure they are within the grant period and are allowable.

CASH MANAGEMENT

Control Objectives

To provide reasonable assurance that the (1) drawdown of Federal cash is only for immediate needs, (2) reimbursement is requested only after costs have been incurred, (3) States comply with applicable Treasury agreements, and (4) recipients limit payments to subrecipients to immediate cash needs.

Control Activities

- Cash flow statements by program are prepared to determine essential cash flow needs.
 - Responsibility reports are generated monthly and reviewed by the program directors and Director of Finance for a consistent level of service and timely requests for reimbursement of expenditures.
- The Director of Finance/Accounting Manager or Senior Accountant monitors and completes cash draws on a monthly basis and ensures that there is not a time lapse between draw down of funds and actual disbursements of funds.
 - The District operates strictly on a reimbursement basis and accordingly there is no time lapse between draw down and disbursements.
- Appropriate level of supervisory review of cash management activities.
 - The Board of Education reviews bills for payment and monthly financial statements.
 - The Director of Finance/Accounting Manager or Senior Accountant approves the claim for reimbursement.
- Procedures are in place that provide:
 - Reimbursement only after costs have been incurred;
 - Monitoring of cash management activities; and
 - Repayment of excess interest earnings where required.

Procedures:

The Accounting Department requests federal funds on a reimbursement basis, at least monthly. To complete the request, the Accounting Department uses a cumulative worksheet and system reports from eFinance. The Accounting Department confirms that the award amount and the available remaining balance noted in eFinance ties to the information that the grantor has provided. Any discrepancies, other than those due to rounding, are investigated. The Accounting Department uses the eFinance system reports, the grantor's cumulative expense and the worksheet to determine the current period expenses. Ideally, requests for funds take place after payroll is issued, payroll taxes are paid, and vendor payments are issued. In cases where expenses have posted, but remain unpaid, the Accounting Department backs out these expenses and the related indirect costs from the period expenses. The Accounting Manger completes the analysis/request for cash and the Director of Financial Services reviews/submits the request.

Key Controls:

eFinance data is compared to the data reported by the grantor. The Accounting Department reviews the general ledger for expenditures that are charged to the various federal programs to ensure that they are within the proper grant period, and to ensure that these items have been paid out. The Accounting Department compares the total expenses charged to what was previously requested. A higher level review is completed prior to the reimbursement request.

ELIGIBILITY

Control Objectives

To provide reasonable assurance that only eligible individuals and organizations receive assistance under the federal awards, that subawards are made only to eligible subrecipients, and that amounts provided to or on behalf of eligible subrecipients were calculated in accordance with program requirements.

Control Activities

- Written policies provide direction for making and documenting eligibility determinations.
 - The Director of Finance reviews Appendix XI to Part 200—Compliance Supplement on an annual basis by reviewing the Supplement for each of the grants that apply to the district that year. Eligibility requirements for each grant are considered and discussed with the program director to collectively design a plan to determine that only eligible individuals and organizations receive assistance under Federal award programs. Eligibility determinations are documented on State and/or Federal forms when provided. When no forms are available, the district will use internally developed forms for documentation.
- Procedures to calculate eligibility amounts consistent with program requirements.
 - The Director of Finance reviews Appendix XI to Part 200—Compliance Supplement on an annual basis by reviewing the Supplement for each of the grants that apply to the district that year. Amounts are then determined on a building basis to provide services to the eligible recipients.
- Eligibility objectives and procedures clearly communicated to employees.
 - The Director of Finance, Compliance Office staff and program directors meet to review eligibility requirements for the various programs upon approval of the grants. The program directors will then communicate this information with appropriate support personnel to help them carry out their program responsibilities.
- Authorized signatures (manual or electronic) on eligibility documents periodically reviewed.
 - Authorized signatures are included on eligibility documents provided by the State or Federal government when a signature line is included on the form.
- Adequate safeguards in place to ensure access to eligibility records (manual or electronic) limited to appropriate persons.
 - Eligibility records are maintained in the Director of Finances office or the applicable building office with access by a limited number of persons.
- Manual criteria checklists or automated process used in making eligibility determinations.
 - The district uses documents, forms or templates provided by the State or Federal governments when available. If no form is available, the district will develop its' own form for documentation of eligibility.
- Process for periodic eligibility re-determinations in accordance with program requirements.
 - Eligibility for programs services is determined on an annual basis. However the district reviews the Appendix XI to Part 200—Compliance Supplement for re-determination requirements.
- Verification of accuracy of information used in eligibility determinations.
 - The district relies on Appendix XI to Part 200—Compliance Supplement to itemize requirements for determining eligibility. Accuracy of such information is verified through independent third party verification. Such verification could include reviewing household paystubs, bank statements, utility bills, tax returns, etc.
- Procedures to ensure the accuracy and completeness of data used to determine eligibility requirements.

- The district relies on Appendix XI to Part 200—Compliance Supplement to itemize requirements for determining eligibility. Accuracy of such information is verified through independent third party verification.
- Process in place to ensure benefits were discontinued when eligibility requirements no longer met or period of eligibility expired.
 - Eligibility for programs services is determined on an annual basis. An individual is considered eligible for the program period of availability or the district’s fiscal year, whichever is shorter. Accordingly, there would be no discontinuation of benefits during this period.

Procedures:

The Director of Finance, Compliance Office staff and Program Directors annually review program requirements for eligibility to ensure all program participants are eligible for services under that program’s guidelines as follows:

- Program Directors review funding source’s guidelines for eligibility
- Program Directors ensure staff is aware of eligibility requirements
- Program staff ensure students currently receiving services are still eligible
- Program staff work throughout the funding year to ensure all new participants are eligible for services by using the appropriate form, where required by the funding source, for their programs
- Forms are signed by the staff member determining the need for services and kept on file for at least 5 years, regardless of eligibility status

Key Controls:

The Director of Finance and Program Directors annually review program requirements for eligibility to ensure all program participants are eligible for services under that program’s guidelines.

EQUIPMENT AND REAL PROPERTY MANAGEMENT

Control Objectives

To provide reasonable assurance that proper records are maintained for equipment acquired with federal funds, equipment is adequately safeguarded and maintained, disposition or encumbrance of any equipment or real property is in accordance with Federal requirements, and the Federal awarding agency is appropriately compensated for its share of any property sold or converted to non-Federal use.

Control Activities

- Accurate records maintained on all acquisitions and dispositions of property acquired with federal funds.
 - The Technology Department maintains a detailed capital asset register with federal asset purchases of equipment, while the Program Director will keep a detailed register of any furniture purchased. Within the register is an identifier that indicates the funding source. This register is maintained on a periodic basis.
- Property tags are placed on equipment.
 - Property tags are placed on equipment purchased with federal funds by district support staff under the supervision of the Compliance Office. These items can be traced back to the asset records through serial and/or model numbers and location.
- A physical inventory of equipment is periodically taken and compared to property records.
 - A physical inventory of equipment acquired with federal funds is conducted at least every two years. Any differences between the physical inventory and equipment records are resolved by the Technology Department, Accounting Department and Compliance Office.
- Property records contain description (including serial number or other identification number), source, who holds title, acquisition date and cost, percentage of Federal participation in the cost, location, condition, and disposition data.
 - The district's Technology Department and the Compliance Office maintains property records containing all the necessary information.
- Procedures established to ensure that the Federal awarding agency is appropriately reimbursed for dispositions of property acquired with federal funds.
 - The Chief Operations Officer and the Director of Financial Services review disposition of equipment acquired with federal funds with a current per unit fair market value of \$5,000 or more to determine whether the awarding agency should be reimbursed for the appropriate federal share. The Director of Financial Services will consult with the awarding agency to determine the appropriate course of action.
- Policies and procedures in place for responsibilities of recordkeeping and authorities for disposition.
 - The district account maintains the capital asset register while the Director of Financial Services reviews the register annually. The Chief Operations Officer (in conjunction with the Director of Financial Services) will authorize capital asset dispositions prior to removal from the register.

Procedures:

All equipment purchases must follow the same procedures as with any other purchase: verification of allowable programmed costs, requisition, purchase order, Board approval (if applicable), bid (if applicable), and approval by the Compliance Office. Equipment purchases are properly reported/accounted for within the approved budget and tagged. The Technology department maintains a log of equipment purchased with

federal funds and closely monitors the location of such equipment. Any proceeds received from the disposal of the equipment will be returned to the grantor, if applicable.

The district does not purchase real property with federal funds.

Key Controls:

All equipment purchases must be approved prior to purchase. The Technology department maintains a log of the tagged equipment, and ensures that equipment is adequately safeguarded and tracked to ensure proper identification. Upon disposal, the Technology department will notify the Accounting Department. The Accounting Department is responsible for returning any proceeds to the grantor, if applicable.

MATCHING, LEVEL OF EFFORT, EARMARKING

Control Objectives

To provide reasonable assurance that matching, level of effort or earmarking requirements are met using only allowable funds or costs which are properly calculated and valued.

Control Activities

- Evidence obtained such as a certification from the donor, or other procedures performed to identify whether matching contributions:
 - Are from non-Federal sources;
 - Involve Federal funding, directly or indirectly; and
 - Were used for another federally-assisted program.

Note: Generally, matching contributions must be from a non-Federal source and may not involve Federal funding or be used for another federally assisted program.
- The Director of Finance reviews the Appendix XI to Part 200—Compliance Supplement annually noting grants that have matching contribution requirements. The district annual financial budgets are adopted including dollars needed for matching contributions for federal grants.
- Adequate review of monthly cost reports and adjusting entries.
 - The Director of Finance reviews responsibility reports for federal grants monthly.

Procedures:

Federal grants are reviewed at a high level (total grant budget vs expenditures and encumbrances) and at the secondary level (grant budget vs expenditures/encumbrances by function code by department and school). Grants are also reviewed monthly for cash draws (grant expenses vs grant revenues – less any expenditures not paid to vendors – typically payroll related – less related indirect). All grant journal entries are reviewed/approved by our compliance office, reviewed by our accountants during processing, and reviewed when the entries are posted by our accounting managers.

Key Controls:

Adequate review of monthly cost reports by the Director of Finance. Adequate review of adjusting entries by the compliance office, accountants, accounting managers, and the Director of Finance.

PERIOD OF PERFORMANCE

Control Objectives

To provide reasonable assurance that federal funds are used only during the authorized period of performance.

Control Activities

- Accounting system prevents obligation or expenditure of Federal funds outside of the period of availability.
 - The Compliance Office reviews all grant applications approved by the awarding agency to identify the funding period. This information is communicated with program directors to promote consistent use of grant funds throughout the period of availability. The Director of Finance reviews all expenditures to ensure they were incurred within the proper funding period.
- Review of disbursements by person knowledgeable of period of availability of funds.
 - The Compliance Office reviews all expenditures to ensure they were incurred within the proper funding period.
- End of grant period cut-offs are met by such mechanisms as advising program managers of impending cut-off dates and review of expenditures just before and after cut-off date.
 - The Compliance Office reviews all expenditures to ensure they were incurred within the proper funding period.
- Cancellation of unliquidated commitments at the end of the period of availability.
 - The Director of Finance reviews open purchase orders within thirty days prior to the end of the period of availability. Open purchase orders are either paid (if goods have been received) or closed within that thirty day period.

Procedures:

An application, including a proposed budget, is first submitted to the Compliance Office for review and then is submitted to the grantor for federal funds. Upon the grantor's approval of the district's budget, which outlines its intended use of the federal funds, the district receives an approval letter from the grantor. The approval letter outlines the period of availability. The Compliance Office and the Accounting Department closely monitor transactions and expenditures to ensure all expenditures are within the grant period. Any expenses applied to the grant that do not fall within the allowable program period will be immediately adjusted. The review of expenses applied to the program, to ensure they are within the availability of the program, is completed by the Accounting Manager during the monthly request for federal funding.

Key Controls:

The Compliance Office reviews purchase orders and other requests for disbursements to ensure the expenditure is related to the allowable program period. The Accounting Department reviews grant expenditures for proper cut-off and documents this procedure during the monthly request for federal funding, as well as through the accrual process at year-end.

PROCUREMENT AND SUSPENSION AND DEBARMENT

Control Objectives

To provide reasonable assurance that procurement of goods and services are made in compliance with the provisions of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, and that covered transactions (as defined in the suspension and debarment common rule) are not made with a debarred or suspended party.

Control Activities

- Job descriptions or other means of defining tasks that comprise particular procurement jobs.
 - Job descriptions have been created for all positions and are available in all district building offices.
- Contractor's performance with the terms, conditions, and specifications of the contract is monitored and documented.
 - An independent third-party construction manager monitors contractor's performance and reports financial information monthly to the Director of Finance. The construction manager also meets with the district operations director and subcontractors to review the projects performance. Minutes of these meetings are kept and forwarded to the Superintendent and Director of Finance.
- Establish segregation of duties between employees responsible for contracting and accounts payable and cash disbursing.
 - The Board of Education is responsible for approving the contracts based on bids received. The construction manager processes the contracts to each successful bidder. Upon receipt of progress billings, the construction manager bills the district monthly for all progress billings. The Director of Finance processes billings and forwards to the accountant for payment.
- Procurement actions appropriately documented in the procurement files.
 - All procurement is subject to the board approved purchasing guidelines. Orders over \$3,000 require one written quote. Orders over \$10,000 require three written quotes. Formal sealed bids and board approval are required for orders over the competitive bid threshold. Supporting documentation is maintained in accordance with the district's retention policy.
- Supervisors review procurement and contracting decisions for compliance with Federal procurement policies.
 - The Purchasing Supervisor reviews RFP's, bid proposals and/or quotes and the resulting purchase orders for compliance with federal regulations.
- Procedures established to verify that vendors providing goods and services under the award have not been suspended or debarred by the Federal Government.
 - The Purchasing Department performs a verification check for covered transactions by checking the Excluded Parties List System at www.sam.gov prior to contracting with a vendor.
- Official written policy for procurement and contracts establishing:
 - Contract files that document significant procurement history;
 - Methods of procurement, authorized including selection of contract type, contractor selection or rejection, and the basis of contract price;
 - Verification that procurements provide full and open competition;
 - Requirements for cost or price analysis, including for contract modifications;
 - Obtaining and reacting to suspension and debarment certifications; and
 - Other applicable requirements for procurements under Federal awards are followed.
 - Refer to the Lansing School Districts' board policies.

- Official written policy for suspension and debarment that:
 - Contains or references the Federal requirements;
 - Prohibits the award of a sub award, covered contract, or any other covered agreement for program administration, goods, services, or any other program purpose with any suspended or debarred party; and
 - Requires staff to determine that entities receiving sub awards of any value and procurement contracts, and their principals are not suspended or debarred, and specifies the means that will be used to make that determination, i.e., checking the *System for Award Management* (Sam.gov); obtaining a certification; or inserting a clause in the agreement.
 - Refer to the Lansing School Districts' board policies.

Procedures:

Each year the State of Michigan informs the School of the legal amount for purchases which require a formal bidding process of a single item. Please refer to http://www.michigan.gov/mde/0,4615,7-140-6530_6605-21356--,00.html for information regarding this threshold.

The general guideline is orders over \$3,000 require one written quote. Orders over \$10,000 require three written quotes. Formal sealed bids and board approval are required for orders over the competitive bid threshold. Purchases in a single transaction that are in excess of the dollar amount permitted by State statute shall require competitive bids and, whenever possible, have at least three (3) written bids for substantiation of purchase and shall require approval of the Board prior to purchase. Bids will be attached to the successful bidders purchase order for future reference. Competitive bids are not required for items purchased through the cooperative bulk purchasing program, operated by the Michigan Department of Management and Budget, pursuant to M.C.L.A.18.1263.

The bidding process begins with the Purchasing Department publishing the bid in the local newspaper and the State of Michigan's mandated procurement system, currently www.Buy4Michigan.com (at minimum). Once the bids have been received, they are date and time stamped and remain sealed until the predetermined bid-opening date and time. All on-time bids are opened by the Director of Operations or Business Specialists/Purchasing Agent, in the presence of at least one (1) witness. All orders or contracts should be awarded to the lowest responsible bidder; however, consideration can be given to:

- the quality of the item(s) to be supplied;
- its conformity with specifications;
- suitability to the requirements of the school;
- delivery times;
- past performance of vendor;
- references;
- experience;
- workforce source and proper employee classifications;
- compliance with regulatory agencies;
- and licensing

The Board is informed of the terms and conditions of all competitive bids and will award contracts as the consequence of such bids. The Board; however, reserves the right to reject any and all bids.

A requisition is the initial document submittal required for the purchase of items and engagement of service providers and transfers the authority to expend funds. These forms must be filled out (at a minimum) with

the vendor name, date of request, appropriate building, quantity/unit, unit cost, total cost, and account number. Both a requisition and the district's Contracted Service Agreement is required for the procurement of all services that are not ordinarily provided by District personnel, such as legal services; architectural services; professional development; project management; and construction management.

The superintendent, building principals, and department directors have the authority to approve requisitions. If the superintendent is the initiator of the requisition, Board of Education must approve the requisition. If any purchases are to be made with federal funds, the requisitions and purchase orders must be approved by the Compliance Office.

Once the school or department enters the requisition onto eFinance, the Purchasing Department will print and review the purchase order before processing. Upon receipt by the purchasing department, the Purchasing Agent will check the vendor against the vendor database contained within eFinance. The Business Specialist/Purchasing Agent will verify that the vendor has, at minimum, basic vendor description information contained within the database. The information required includes the vendor's name, address, phone number, social security number or employer identification number, and W-9 forms. Before a vendor is added to the vendor database, the Director of Operations or Business Specialist/Purchasing Agent verifies that the vendor is not on the Federal Excluded Parties List. All vendors are added by a Purchasing Department employee who is not involved in the Accounts Payable or Payroll process.

Key Controls:

The Compliance Office must approve all Purchase Orders and purchases with federal funds. Once the requisition is approved, quotes or bids are obtained (as necessary). While the Purchasing Department can assist with the selection process, the Compliance Office reviews and approves all quotes. The Board approves all bids. The Director of Operations or Business Specialist/Purchasing Agent is responsible for ensuring that the competitive bidding procedures are followed, and verifies that the proposed vendors have not been suspended or debarred. There are separation of duties for the process of adding and paying vendors.

PROGRAM INCOME

Control Objectives

To provide reasonable assurance that program income is correctly earned, recorded, and used in accordance with the program requirements. Program income is gross income received that is directly generated by the federally funded project during the grant period.

Lansing School District's federal funds are not used for programs that generate program income. If the District was to do so in the future, the internal controls related to Program Income would be designed and implemented at such time.

REPORTING

Control Objectives

To provide reasonable assurance that reports related to federal awards submitted to the Federal awarding agency include all activity of the reporting period, are supported by underlying accounting or performance records, and are fairly presented in accordance with program requirements.

Control Activities

This section incorporates reporting control activities for financial, performance and special reporting, as applicable.

- Written policy exists that establishes responsibility and provides the procedures for periodic monitoring, verification, and reporting of program progress and accomplishments.
 - The Director of Finance reviews the Appendix XI to Part 200—Compliance Supplement for reporting requirements applicable to each grant. Responsibility reports are generated monthly and reviewed by the program directors and Director of Finance for accuracy of information and progress of the grant. The Director of Finance is responsible for accumulating the necessary data for timely reporting.
- Tracking system which reminds staff when reports are due.
 - Deadlines for grant reporting are notated in the business office with support through the Michigan Department of Education listserv.
- The general ledger or other reliable records are the basis for the reports.
 - Responsibility reports are generated monthly from the district's financial software and reviewed by the program directors and Director of Finance for accuracy of information and progress of the grant. Other reports, such as pupil accounting records, are reviewed by the Director of Finance periodically for accuracy and completeness.
- Supervisory review of reports performed to assure accuracy and completeness of data and information included in the reports.
 - Responsibility reports are generated from the district's financial software and reviewed by the Director of Finance for accuracy of information. The financial, performance or special reports are prepared by the Director of Finance based on the data from the responsibility reports.
- The required accounting method is used (e.g., cash or accrual).
 - The Director of Finance reviews the Appendix XI to Part 200—Compliance Supplement for reporting requirements applicable to each grant and prepares the report based on the applicable accounting method.

Procedures:

Program Monitoring: The Compliance Office and Instruction Office are responsible for the overall monitoring of the program assurances and intended outcomes noted in the application of the federal funds grant applications. Specifically, the Compliance Office is responsible for monitoring parent involvement and professional development as it pertains to the minimum requirements of Title I. In addition, the Compliance Office is responsible for sending all necessary school notifications to notify the private schools of their eligibility to receive funds.

Program Reporting: The Accounting Department prepares the quarterly section 1512 reports and all final program reports, and the Compliance Office review and approves the reports before they are submitted to the grantor.

The financial report required for federal funds is the Final Expenditure Report (FER), which is completed as soon as the district has spent project funds, but no later than 60 days from the termination of the project. The FER is completed via the Cash Management System and is used to report all expended funds related to a project during the duration of the project. All requests for federal funds should be completed prior to completing the FER. To complete the FER, the Accounting Department generates expense reports in eFinance for each project to capture all expenses during the project reporting period. Each project is identified by a unique grant number in the grant segment of the account structure. The reports are reviewed by the accountant for accuracy, and should tie to the cumulative final cash request worksheet, as well as to the total revenue. In addition, the final budget for each federal project should match the final cost report, as well as the single audit report. The accountant or Accounting Manager will enter the expenditures into the FER. Expenditures are reported in total by function and object codes. Once the expenditures have been entered into the FER in CMS, the Director of Finance reviews the FER for accuracy and certifies the expenditures.

Key Controls:

Adequate monitoring is in place to ensure that intended program outcomes are met as reported in the federal funds application. The Accounting Department prepares all reports required by the grantor and such reports are reviewed by the Accounting Manager or Director of Finance and the Compliance Office prior to submission.

Expenditures are monitored monthly to avoid any line item deviations. The FER is compared to the Cash Management worksheet and support to ensure total expenditures are accurate. The Director of Finance reviews the FER prior to its submission.

SUBRECIPIENT MONITORING

Control Objectives

To provide reasonable assurance that Federal award information and compliance requirements are identified to subrecipients, subrecipient activities are monitored, subrecipient audit findings are resolved, and the impact of any subrecipient noncompliance on the pass-through entity is evaluated. Also, the pass-through entity should perform procedures to provide reasonable assurance that the subrecipient obtained required audits and takes appropriate corrective action on audit findings.

Control Activities

- Identify to sub recipients the Federal award information (e.g., CFDA title and number, award name, name of Federal agency, amount of award) and applicable compliance requirements.
- Include in agreements with sub recipients the requirement to comply with the compliance requirements applicable to the Federal program, including the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200.
- Sub recipients' compliance with audit requirements monitored using techniques such as the following:
 - Determining by inquiry and discussions whether sub recipient met thresholds requiring an audit under Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200
 - If an audit is required, assuring that the sub recipient submits the report, report package or the documents required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200 and/or recipient's requirements; and
 - If a sub recipient was required to obtain an audit in accordance with Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200 but did not do so, following up with the sub recipient until the audit is completed. Taking appropriate actions such as withholding further funding until the sub recipient meets the audit requirements.
- Sub recipient's compliance with Federal program requirements monitored using such techniques as the following:
 - Issuing timely management decisions for audit and monitoring findings to inform the sub recipient whether the corrective action planned is acceptable,
 - Maintaining a system to track and follow-up on reported deficiencies related to programs funded by the recipient and ensure that timely corrective action is taken,
 - Regular contacts with sub recipients and appropriate inquiries concerning the Federal program,
 - Reviewing sub recipient reports and following-up on areas of concern,
 - Monitoring sub recipient budgets,
 - Performing site visits to sub recipients to review financial and programmatic records and observe operations, and
 - Offering sub recipients technical assistance where needed.
- Official written policies and procedures exist establishing:
 - Communication of Federal award requirements to sub recipients;
 - Responsibilities for monitoring sub recipients;
 - Process and procedures for monitoring;
 - Methodology for resolving findings of sub recipient noncompliance or weaknesses in internal control; and
 - Requirements for and processing of sub recipient audits, including appropriate adjustment of pass-through entity's accounts.

Procedures:

Each year letters are sent to non-public schools within a 20 mile radius offering federal awards. These letters are kept by the Compliance Office confirming that the school has denied or accepted assistance. For those schools that have accepted assistance, the Compliance Office works closely with the private school to form a budget. All payments for non-public school expenses are monitored and approved by the Compliance Office using the standard Lansing School District purchase order process. Federal funds are not given directly to sub recipients for their discretionary use.

If a non-public school determines that they would like to purchase services such as tutoring with federal funds, the Compliance office gives the school an option of using Lansing School District employees or the non-public must hire their own tutoring services. The Lansing School District will not hire personnel directly. The following process and procedures for third-party subcontracting are as follows:

- 1) A “Purchase of Service Contract Independent Contract Agreement” is created with the following sections: Description of Services, Lansing School District Responsibilities, Staffing, Compensation, Billing, Agreement Duration, Relationship to the Parties, Modifications, Non-Discrimination, Liability, Entire Agreement
- 2) All parties involved, including the Director of Finance, reviews the contract service agreement, signs and dates the agreement.
- 3) All parties receives a copy of the contract service agreement.
- 4) Before payment is issued.
 - a) The Third Party Contractor sends an invoice of services rendered on a monthly basis to the school.
 - b) The Principal/Director reviews invoice(s) for accuracy and completeness of services performed.
 - c) If invoice is correct, the Principal/Director signs invoice and sends invoice to the Compliance Office for payment to Third –Party.
 - d) The Compliance Office reviews budget to assure funds are allowable, approved, and available for payment.
 - e) A purchase order is created and approved by the Purchasing Department and the Compliance Office
 - f) The Accounts Payable department will match up contract, invoice, and approved purchase order to process payment.

Key Controls:

The Compliance Office offers funding from Federal grants only to all non-public schools within a 20 mile radius. The Compliance Office creates and monitors all non-public budgets and reviews invoices and other requests for disbursements to ensure the expenditure is related to the allowable program period and is within the approved budget. The Compliance Office facilitates and monitors the Subcontracting process to make sure the services are allowable and within the approved federal budget.

FINANCIAL MANAGEMENT SYSTEMS

The financial management system of the District (eFinance) meets the following standards:

1. *Financial reporting.* Accurate, current, and complete disclosure of the financial results of financially assisted activities is made in accordance with the reporting requirements of the program.
 - a. See REPORTING section of this document.
2. *Accounting records.* Records adequately identify the source and application of funds provided for financially-assisted activities.
 - a. Accounting is done by analyzing, recording, summarizing and interpreting financial transactions of the District. The financial record system is adequate to provide financial and related operational information for all interested parties: the school board; the administration; the public; auditors; local, state and federal authorities; and school employees. It is also designed to demand accuracy and a reasonable degree of internal control.
 - b. Lansing Public Schools currently uses eFinance financial software for financial management of the District. The software provides applications that allow for the completion of the accounting and payroll processes necessary to remain compliant with applicable State and Federal laws.
3. *Internal control.* Effective control and accountability is maintained for all program cash, real and personal property, and other assets. The District adequately safeguards all such property and ensures that it is used solely for authorized purposes.
 - a. The District’s internal controls over significant transaction streams are documented separately.
4. *Budget control.* Actual expenditures or outlays are compared with budgeted amounts for the federal program.
 - a. The District’s procedures for developing, approving and amending the budget are documented separately.
 - b. The Director of Financial Services reviews the budget reports for each federal program comparing actual to budget on a monthly basis to monitor program progress.

Procedures:

eFinance-

The financial management system used by the district is eFinance. All accounting transactions are processed using eFinance. Federal funds are accounted for separately from other district funds. All federal projects are assigned a unique grant number in eFinance, and the grant number appears in segment 6 of the district’s ASN structure. In general, the account structure is as follows:

ASN						Account	
Fund	Function	Descriptive	Building	Department	Grant	Object	Activity
1	2	3	4	5	6	7	8
XX	XXX	XX	XX	XXX	XXXX	XXXX	XXXX

1 - Fund (ex- “11” for General Fund or “71” for Agency Fund)

2 – Function (ex- “111” for Regular Elementary Education or “241” for principals’ office)

- 3 – Descriptive/Free Definition is used when necessary to differentiate two otherwise like accounts.
- 4 – School Building Number (ex- “05” for Eastern or “08” for Everett)
- 5 – Department Number (ex- “169” for School Improvement Team funds)
- 6 – Grant Code - Any value in the eighth segment indicates a grant (ex- “1006” for Title I or “0000” for non-grant)
- 7 - Below is an outline of the fourth segment or object codes in OTPS budgets.

Detail Account	
Object Code Range	Description
1810 to 1990*	Temporary and Additional Hour Salaries
3110 to 3990	Purchased Services (including mileage, conferences, field trip admissions)
4110 to 4900	Rentals & Repairs
5110 to 5990	Supplies & Material
6110 to 6900	Capital Outlay or Equipment

***Only substitute classroom teachers due to either open positions or health related absences (object 3110) will be centrally funded, all other temporary salaries and additional hour wages will be paid with building discretionary funds.**

8 – Activity - Any value in the ninth segment indicates a course or program (ex- “2200” for science)
 The Accounting Department ensures that eFinance always ties to the federal grant award. Budgets for revenue and expenditures are not posted in eFinance until the Accounting Department receives a grant award/approval letter. Transactions related to federal funds such as purchase orders, disbursements, and budget/adjusting journal entries, must first be reviewed and approved by the Compliance Office before being processed.

Staffing Budgets –

Regular salaries and substitute classroom teachers are centrally funded (at approved levels) for each building.

OTPS Budgets –

Discretionary or OTPS budgets cover expenditures for supplies, equipment, purchased/contracted services (including repair and rental), additional hours and temporary/substitute wages (except substitutes for regular classroom teachers). Allocations are usually published during the month of May. Budget Administrators are able to run budgets as of July 1st and are requested to run budgets at a minimum of once a month. When district resources allow for building carryover, the budget will typically be added to the per pupil allocation budget in mid-October. Allocations for per pupil are also typically adjusted for actual enrollment at about the same time. The District’s fiscal year starts on July 1st and runs through June 30th. Goods and services must be physically received or rendered by June 30th to be counted in the current fiscal year. Budgets are intended for use in the fiscal year for which the funds are allocated.

Grants are usually given based on an application or proposal to an organization. If an application process is involved, the resulting funds will most likely fall within the grant category. All grants need to be accounted for separately from other District funds. All grant applications must be reviewed by the Compliance Office and Accounting Department prior to submission. Except for a very few mini-grants, grant funds must be expended within a specified time period. All goods or services to be paid by that grant must be physically received within the grant spending period. Just creating a purchase order will not suffice. Items must be physically received at a Lansing School District facility before the grant ends. All Contracted Services must be completely performed before the grant ends.

Key Controls:

All federal funds are maintained separately in eFinance. Budgets are not recorded until the district receives verification of approval from the grantor. All transactions related to the expense of federal funds or adjustments to budgets, must first be reviewed and approved by the Compliance Office to ensure that the district is in compliance with the federal project. The Accounting Department maintains separation of duties and/or review of transactions to ensure accuracy.

SUPPLIES

Materials and supplies are defined as tangible personal property other than equipment, costing less than \$5,000 (based on the District's capitalization policy), or other lower threshold consistent with the District's policy. Materials and supplies that are necessary to carry out the project are allowable as prescribed in the governing cost principles. Title to supplies acquired under a grant or sub grant will vest, upon acquisition, with the District. If there is a residual inventory of unused supplies exceeding \$5,000 in total aggregate fair market value upon termination or completion of the award, and if the supplies are not needed for any other federal sponsored program or project, the District will compensate the federal agency for its' share.

Procedures:

Supply purchases are initiated by a building/department via the purchase order system on eFinance. The Compliance Office checks eFinance daily for both State and Federally funded purchase orders (POs) that are awaiting approval. Before approving, the Compliance Office verifies that the supplies are allowable, reasonable, and necessary to the program. Supply purchases must be pre-planned and consistent with the approved grant application. The expenditure must occur within the program window, be paid using a valid account, and not violate federal rules/guidelines. If the purchase meets all guidelines, the Compliance Office approves the PO and retains a print screen of the eFinance record (if deemed appropriate as the system retains the PO information and the information can be viewed at any time).

Supply purchases are also made with purchase cards. Purchase card purchases must not exceed \$500. The Compliance Office staff receives all grant funded purchasing card statements on a monthly basis to review/approve State and Federally funded expenditures made with the district's purchasing cards. Before approving, the Compliance Office verifies that the item(s) are allowable, reasonable, and necessary to the program. Items must be pre-planned and consistent with the approved grant application. The expenditure must occur within the program window, be paid using a valid account, and not violate federal rules/guidelines. The Compliance Office verifies that all itemized receipts documenting the transactions are included in the submission. If an item does not appear on an itemized receipt, the item is not approved. If the Compliance Office does not have enough specific information to determine if a particular expenditure should be approved, they contact the building principal/department director/program staff with questions about the transaction. After reviewing and approving or denying purchases, the Compliance Office staff retains a copy of the purchasing card statement for documentation and forwards the original documents to the Accounting Department.

The Accounting Department is responsible for making payments for purchases.

Key Controls:

All supply purchases with federal funds must be reviewed and approved by the Compliance Office. Payments for the supplies are made by the Accounting Department upon approval from Compliance Office and receipt of a vendor invoice (for POs). The Accounting Manager verifies that vendor payments have been made prior to request for federal funds.

PAYMENTS

This section prescribes the basic standard and the methods under which a federal agency will make payments to grantees and grantees will make payments to subgrantees and contractors.

See CASH MANAGEMENT section of this document related to how payments are made to Lansing School District.

The District currently retains all federal funds and does not pass any funds through to others directly. If the District chooses to pass through funding with future grants, the internal controls related to Subrecipient Monitoring and Payments to Subrecipients will be designed and implemented at such time.

Procedures:

Payments using federal funds take place in the Accounting Department. Such disbursements are initiated by the Financial Transactions Clerk when the purchases authorized by the Purchase Order system are approved for payment as the goods and services are received or when authorized purchases have been made with purchasing cards (see the Supplies section for more information related to purchasing). Appropriate invoices and receipts are authorized by the building/department administrator and Compliance Office as indication that payment can be issued. The Accounting Department matches the purchase order, invoice, and a verification of receipt of items to ensure completeness of the transaction and accuracy of calculations and total amounts. Payment is processed on the next scheduled check run. Check runs are every Thursdays.

The eFinance System automatically assigns the next available check number to each check. A Financial Transactions Clerk who processes the check run verifies that the beginning check number (as assigned by the software) matches the next available check number on the check run log. The only authorized check signer is the Superintendent, Yvonne Caamal Canul. One signature is required on each check. A computerized signature is applied to all laser printed checks. The computerized signature is not accessible except for printing checks. Disbursement transactions are posted to the general ledger by the computer system as the checks are generated.

Checks are printed in the Accounting Department. All supporting documentation are imaged and attached to the check and the Purchase Order. All supporting documentation is then placed into an envelope, with the date of the check run and check numbers on the outside, and filed numerically in the AP vault. All checks are audited for accuracy by someone other than the Financial Transaction clerk who processed the check run, prior to any checks being mailed.

The district uses positive pay. The accounts payable staff notifies an Accountant to upload positive pay data to the Fifth Third website of all checks and/or voided checks. The Accountant verifies the files to be uploaded. The Accountant submits the data on the Fifth Third website and sends a confirming email to Fifth Third notifying them of the upload. The Director of Finance and the Accounting Managers are copied on the email to ensure that uploads are completed timely.

Key Controls:

Federal payments are not processed without proper approval from the building/department administrator and the Compliance Office. The Accounting Department verifies completeness and accuracy of the invoice and supporting documentation prior to issuing payment. Checks are audited by a separate Accounting Department employee prior to being mailed. Checks are not pre-numbered because eFinance numbers the checks as they are printed using the next available check number. eFinance does not allow manual

assignment of check numbers. The positive pay file is verified prior to upload. The Board of Education receives monthly check registers.

PAYROLL

Compensation for personnel services includes all remuneration, paid currently, for services rendered during the period of performance under Federal awards, including but not necessarily limited to wages, salaries, and fringe benefits. The costs of such compensation are allowable to the extent that they satisfy the specific requirements of this and other appendices under 2 CFR Part 225.

- The individual's total wage or salary is reasonable for the service rendered; i.e., it was consistent with wages or salaries paid for similar work in other activities of the district.
- The individual's employment conformed to local employment laws and regulations meeting federal merit system or other requirements, where applicable.
- The payroll charge is supported by documentation prescribed in Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200.
- The payroll charge is supported by personnel activity reports; e.g., time and attendance records.
- Charges for leave, employee insurance, pension plans, etc., are reasonable and required by law, employee agreements, or an established policy of the district and are distributed equitably to federal programs and other activities.
- Charges for authorized absences such as annual leave, sick leave, holidays, court leave, military leave and other similar benefits are allowable and are allocated equitably to all federal programs and other activities.

Procedures:

When there is a job opening a requisition is created. The requisition is provided to the Compliance Office for positions covered by federal funds. The Compliance Office verifies that the form is complete, including a valid account number, reflects the FTE and assignment parameters, and is consistent with the federal grants approved costs. If the form is incomplete, incorrect, or if the position is not approved, the form is returned to the building/department of origin with an explanation. If the Compliance Office approves the job posting/personnel requisition, a copy is retained for documentation and the original is sent to Accounting for processing.

When an employee is hired their name is put on the requisition which goes to the Human Resources Specialist for approval. HR staff set-up the employee assignment screens each year according to personnel requisition forms received from the Human Resources Specialist. This screen includes information regarding salary amount or hourly wage rate, standard number of hours to be worked during each pay period, funding account number and bargaining group.

For hourly employees, time worked is reported on an Employee Time and Absence Record form. The time sheets must be signed by the employee and supervisor. Salaried employees submit an Employee Time and Absence Record only if they have been absent during the current pay period. The form must also be signed by the employee and the employee's supervisor. The supervisor submits the time sheet to the Human Resources Office. The HR Payroll staff check extensions, verify the time period and verify that the employee's and supervisor's signatures are present. The HR payroll staff posts the information from the time sheet to the payroll system and compares the batch total edit reports with the hours reported on the time sheets. The HR payroll staff also reviews the edit report for any errors or problems. The Payroll Coordinator also reviews and signs off on the edit report. The Payroll Coordinator removes blank check stock from the locked storage closet for use in printing the checks. The checks are printed and sealed before being returned to the Human Resources Office. The checks are sorted for mailing or delivery by courier. Those checks to be mailed are taken to the Hill Center Print Shop where postage is applied. The checks to be delivered are sorted by building and given to the courier on the morning of payday.

The Payroll Coordinator completes the processing of payroll on eFinance and creates a file for direct deposits. The Payroll Coordinator initiates the direct deposit and sends file to the bank. A report of the direct deposit total is given to the Accounting Department for verification purposes.

Key Controls:

Job requisitions must be approved prior to posting to ensure compliance with the federal project.

Timesheets must be signed by the supervisor, and the supervisor submits the timesheets to Human

Resources. There is separation of duties during the processing of payroll. The Accounting Department verifies the payroll file.

FEDERAL TIMEKEEPING

Lansing School District performs the following to meet federal timekeeping requirements:

- A payroll time sheet is completed each payroll period by any employee whose wage is being funded by a federal grant source. This time sheet is reviewed and approved by the program director or principal.
- Any employee whose time is split between a federal grant and another funding source completes a Personnel Activity Report monthly indicating how much time was spent performing the functions funded by each source. This report is reviewed and approved by the program director or principal.
- Any employee whose time is funded by a federal source completes a Time Certification Form twice a year which is reviewed and approved by the program director or the principal.
- Any employee who is providing instructional support services to students and is funded by a federal grant, completes a log of the students he or she has worked with and what type of instructional support was provided.

Procedures:

Personnel Activity Reports (PARs):

According to OMB Circular A-87 Attachment b(h), District staff who are split funded (<100% multiple performance objectives) with Federal monies are required to complete Personnel Activity Reports (PARs) indicating the number of hours worked by funding source and coded for the specific activities they perform on a weekly basis and submit them to the Compliance Office no later than the end of the month.

PAR forms are collected and reviewed in a timely manner to ensure that an employee's compensation does not become disallowed. Documents containing information pertinent to each employee's funding sources and time percentages for each source are sent to those employees needing to complete PAR forms as soon as the information becomes available. Updates to the PAR list are made monthly by the DII, should they be necessary.

- Human Resources and the Department of Finance assign budget and staffing for the District, an inventory of grant funded staff is then run in eFinance by the Compliance Office staff.
- A PARs Check-in list, FTE converters, and variance workbooks are then created for each employee needing to complete PARs for the relevant fiscal year (FY) by Compliance Office staff.
- Employees are notified as quickly as possible, generally within a week of when the grant funded employees report is run, they are to complete PARs for the current FY via email. Pertinent documents are included in this email along with an offer to train or assist employees in any manner they may need to facilitate ease of meeting this requirement.
- Once the PAR form check-in sheet is complete and accurate each principal is informed as to who in their building must complete PARs.
- The grant funded employees list is run quarterly by the Compliance Office staff to ensure all information is accurate and up-to-date and list of employees needing to complete PARs is updated accordingly by the Compliance Office staff.
- PAR forms are checked in by the Compliance Office staff as they are received.
- Hours worked by funding source are then entered into variance workbooks by the Compliance Office staff on a weekly basis.
- Employees whose PAR forms are not complete/correct will be notified the day their PAR forms are notified the day said forms are reviewed. Forms are marked as "R" for returned on the PARs list/check-in sheet and returned to employee with an explanation of how to correct the error. The

directions on how to correct their PAR are also written on a note and included with the returned forms.

- The first week of each month notification is sent via email to employees needing to complete PARs regarding PAR forms that may be missing or not returned after revisions have been made; principals are copied on these emails.
- The Compliance Office staff submits variance reports to the Accounting Department no later than two weeks after each quarter ends.
- PAR forms are filed and maintained by the Compliance Office, where they are accessible for five (5) years.

Staff Certifications:

District staff who are fully funded (100%) from a Federal grant source must complete staff certification forms semiannually to document their awareness of the funding source from which they receive their compensation. District staff who are paid additional hours from a Federal funding source other than the funding sources they are typically compensated from will also complete a staff certification form indicating their knowledge of how they were compensated for 100% of their time for this activity (workshops, conferences, tutoring, etc.).

- Payroll generates the list of employees needing to complete Staff Certifications and sends it to the Compliance Office.
- The Compliance Office generates the actual Staff Certification forms and sends them via email to each teacher, principals are copied on these emails.
- Employees are directed to sign their Staff Certifications and to have their supervisor sign them as well.
- Staff Certifications submitted to the Compliance Office are checked in by the Compliance Office staff.
- The Compliance Office staff reviews Staff Certifications to ensure they are compliant then files them in the Compliance Office where they are maintained and accessible for five (5) years.
- Employees are contacted via email if their Staff Certifications are late by two weeks or more; principals are copied on these emails.

Key Controls:

PARs and Semi-Annual Certifications are collected and reviewed timely to ensure that an employee's compensation does not become disallowed. The Compliance Office follows-up with the appropriate building/department in a timely fashion if forms are missing. The Compliance Office compares actual time worked on PARs to the budget to discover and correct any variances and to ensure the activities align with the approved budget. Finally, the Accounting Department is notified quarterly of any variances or exceptions related to PARs and Semi-Annual Certifications and adjusts ledger accordingly.

COPYRIGHTS

This section pertains to Copyright Ownership and Government License. Except as otherwise specified in the grant or by this paragraph, the grantee may own or permit others to own copyright in all subject writings. The grantee agrees that if it or anyone else does own copyright in a subject writing, the Federal government will have a non-exclusive, nontransferable, irrevocable, royalty-free license to exercise or have exercised for or on behalf of the U.S. throughout the world all the exclusive rights provided by copyright. Such license, however, will not include the right to sell copies or photo records of the copyrighted works to the public.

Lansing School District does not own any copyrights. If the District were to own copyrights in the future, the internal controls related to Copyrights will be designed and implemented at such time.

RETENTION AND ACCESS REQUIREMENTS FOR RECORDS

Records are retained in accordance with the *Records Retention and Disposal Schedule for Michigan Public Schools*. All Michigan Freedom of Information Act requests are acted upon as soon as possible and within the timelines as stipulated within the Act.

Procedures:

The district maintains all records and reports related to the current fiscal year federal funds and two prior years in the grant Accounting Department in the grant filing cabinets. Any records and reports older than this are archived to the district's warehouse and maintained in the warehouse for an additional 10 years. The district will afford the grantor access to these records and reports at the request of the grantor.

Key Controls:

All records and reports are maintained beyond what the State of Michigan record retention policy requires. Records that are sent to the warehouse and noted with a destroy date and are not destroyed until this date has passed.

CONFLICTS OF INTEREST/PECUNIARY INTERESTS

Lansing Public Schools has approved policy that the Board of Education shall not knowingly enter into a contract with any supplier of goods and/or services under which any Board member, officer, employee or agent of the school district has any pecuniary or beneficial interest either direct or indirect, unless the person has not solicited the contract or participated in the negotiations leading up to the contract.

Board members and school personnel shall not accept any gifts or favors from vendors which might, in any way, influence their recommendations on the eventual purchase of equipment, supplies or services.

Purchases made by the District do not show any favoritism toward any vendor. Each order is placed in accordance with the policies of the Board on the basis of quality, price and delivery with past service a factor if all other considerations are equal.

Procedures:

Prior to board or committee action on a contract or goods and/or services transaction involving a conflict of interest, a director or committee member having a conflict of interest and who is in attendance at the meeting shall disclose all facts material to the conflict of interest. Such disclosure shall be reflected in the minutes of the meeting. If board members are aware that staff or other volunteers have a conflict of interest, relevant facts should be disclosed by the board member or by the interested person him/herself if invited to the board meeting as a guest for purposes of disclosure.

A director or committee member who plans not to attend a meeting at which he or she has reason to believe that the board or committee will act on a matter in which the person has a conflict of interest shall disclose to the chair of the meeting all facts material to the conflict of interest. The chair shall report the disclosure at the meeting and the disclosure shall be reflected in the minutes of the meeting.

A person who has a conflict of interest shall not participate in or be permitted to hear the board or committee's discussion of the matter except to disclose material facts and to respond to questions. Such person shall not attempt to exert his or her personal influence with respect to the matter, either at or outside the meeting. A person who has a conflict of interest with respect to a contract or transaction that will be voted on at a meeting shall not be counted in determining the presence of a quorum for purposes of the vote.

According to Section 388.1769b of the State School Aid Act, the person having a conflict of interest may not vote on the contract or transaction. It is district policy that related parties shall not be present in the meeting room when the vote is taken, unless the vote is by secret ballot. Such person's ineligibility to vote shall be reflected in the minutes of the meeting.

Interested persons who are not members of the Board of Education, or who have a conflict of interest with respect to a contract or transaction that is not the subject of Board or committee action, shall disclose to their supervisor any conflict of interest that such interested person has with respect to a contract or transaction. Such disclosure shall be made as soon as the conflict of interest is known to the interested person. The interested person shall refrain from any action that may affect the district's participation in such contract or transaction.

In the event it is not entirely clear that a conflict of interest exists, the individual with the potential conflict shall disclose the circumstances to his or her supervisor, who shall determine whether full board discussion is warranted or whether there exists a conflict of interest that is subject to this policy.

Directors, officers, employees and volunteers shall not disclose or use information relating to the business of the district for their personal profit or advantage or the personal profit or advantage of their family members.

Key Controls:

Conflict of interests or the potential of a conflict of interest is to be disclosed to a supervisor or Board. Board level disclosure is noted in the meetings of the Board of Education.

TRAINING FOR FEDERAL FINANCIAL INTERNAL CONTROLS AND PROCEDURES

All new employees will be given proper training for the procedures itemized in this document by existing, experienced staff members. The length of training is commensurate with the amount of prior experience of the new employee and will be adequate so he or she fully understands the financial procedures of the District. Employees will receive refresher training as needed.

The district distributes this federal guidance document at the beginning of each school year to all budget authorities.

This document is also available on our website at www.lansingschools.net.

CONSEQUENCES OF COMPLIANCE FAILURES

All employees are instructed to follow the procedures contained herein. Any employee who does not follow these procedures as instructed will be disciplined in a progressive manner as itemized in the District's Personnel Policy Handbook and/or related Education Association contract agreements.

RECEIPT OF HANDBOOK

I have received a copy of the *Lansing Public Schools Federal Financial Internal Controls and Procedures* and this handbook is the property of the Lansing School District. I understand this handbook is designed to acquaint me with the current procedures of the Lansing School District in regards to its' federal programs. I understand that Lansing Public Schools reserves the right to interpret, modify, or eliminate any of these procedures at any time. As a recipient of this handbook, I understand that I am responsible for knowing its' contents and any updates.

Employee Name (Printed)

Employee Signature

Date

Superintendent or Designee

Date