

# Federal Funds Handbook



Revised 2011 Edition

<http://www.education.nh.gov>

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## ***PREFACE***

This comprehensive edition sets forth federal requirements and discusses those requirements in detail. In addition, it provides guidance in applying for federal funds; documenting and accounting for transactions associated with federally funded programs; and the single audit concept. Please note that this manual is not all inclusive of every regulation pertinent to federal grants. We will strive to update information on an "as needed" basis.

Much of the material originates from the Code of Federal Regulations (CFR). The CFR is a codification of general and permanent rules published in the Federal Register by the executive departments and agencies of the federal government. The CFR contains 50 Titles. The subject of Education is located under Title 34. Parts represented in separate volumes 1 through 299, 300 through 399, and 400 through 796 are referenced within this manual.

*Reference:* <http://www.access.gpo.gov/cgi-bin/cfrassemble.cgi?title=200634>

In addition, you will note references to the U.S. Department of Education's Manual so named EDGAR. The manual relates to the CFR as follows: 34 CFR 76.1-76.910 and 80.1-80.52. The section reference is located in the upper portion of each page of the CFR. Appendices are occasionally referenced. Listed below is the website:

<http://www.ed.gov/policy/fund/reg/edgarReg/edgar.html>

## ***ACRONYMS***

1. ABE Adult Basic Education
2. AYP Adequate Yearly Progress
3. BBM Bureau of Business Management
4. CFDA Catalog of Federal Domestic Assistance
5. CFF Centralized Federal Funding
6. CFR Code of Federal Regulations
7. ED U.S. Department of Education
8. ECIA Education Consolidation and Improvement Act of 1981
9. EDGAR Education Department General Administration Regulations
10. ESEA Elementary and Secondary Education Act
11. FERPA Family Educational Rights and Privacy Act
12. FFL Federal Funds Ledger
13. GAO U.S. General Accounting Office
14. GEPA General Education Provision Act (1994)
15. IDEA Individuals With Disabilities Education Improvement Act of 2004
16. JMA Joint Maintenance Agreement
17. LEA Local Education Agency – School Administrative Units and Districts
18. MAD Miscellaneous Adjusting Document
19. MOD Miscellaneous Obligating Document
20. NCLB No Child Left Behind
21. Non-LEA Agencies other than LEA's that apply for or receive funds from the SEA  
i.e. Charter Schools or Receiving Agencies
22. OBM Office of Business Management of the SEA
23. OMB U.S. Government Office of Management and Budget
24. PF Project File
25. RA Receiving Agency
26. REAP-FLEX Rural Education Achievement Program & Flexibility to spend funds
27. SAU School Administrative Unit
28. SEA State Education Agency = N.H. Department of Education
29. VE Vocational Education

## ***SCHEDULE OF PUBLIC LAWS AND REGULATIONS***

| <b>PUBLIC LAW #</b> | <b>TITLE</b>   |
|---------------------|--|
| 42-11431            | McKinney-Vento Homeless Assistance Act 2001  |
| 74-271              | Social Security Act plus Amendments  |
| 88-352              | Civil Rights Act of 1954 (Title IV)  |
| 89-313              | Chapter I – Handicapped  |
| 91-230              | Adult Education Act  |
| 92-318              | Education Amendments of 1972 (Title IX)  |
| 93-112              | Rehabilitation Act of 1973 (Vocational Rehabilitation)   |
| 94-142              | Education of all Handicapped Children Act  |
| 94-482              | Education Amendments of 1976   |
| 95-40               | Technical Amendments to the Education Amendments of 1976   |
| 95-524              | CETA Amendments of 1978  |
| 95-561              | Education Amendments of 1978   |
| 95-612              | Amendment to Rehabilitation Act of 1973  |
| 97-35               | Education Consolidation and Improvement Act of 1981 (ECIA)   |
| 98-211              | 1983 Amendments to ECIA  |
| 98-502              | Single Audit Acts of 1984  |
| 98-524              | Carl D. Perkins Vocational Education Act<br>Technical Amendments to the Carl D. Perkins Vocational Education Act |
| 101-336             | Americans with Disabilities Act of 1990  |
| 102-73              | National Literacy Act of 1991  |
| 103-227             | Safe Schools Act of 1994   |
| 103-239             | School-To-Work Opportunities Act of 1994   |
| 103-382             | Improving America's School Act   |
| 105-220             | Workforce Investment Act   |
| 105-332             | Carl D. Perkins Amendment of 1998  |
| 107-110             | No Child Left Behind Act of 2001   |
| 194-B               | Charter Schools and Open Enrollment Act  |

## ***EDUCATION PROGRAM REGULATIONS***

Below is listed the various regulations contained within the Federal Register. Chapter 34 concerns the subject of education.

<http://www.access.gpo.gov/cgi-bin/cfrassemble.cgi?title=200634>

## ***CHILD NUTRITION PROGRAM REGULATIONS***

Below is listed the various regulations contained in the Federal Register regarding the National School Lunch Program, and related topics. The guidelines for this program originate from this publication.

<http://www.access.gpo.gov/cgi-bin/cfrassemble.cgi?title=200707>

## Chapter 1

### **INTRODUCTION**

#### PURPOSE

This manual provides guidance to recipients of federal funds distributed by the State of New Hampshire's Department of Education (SEA). It establishes uniform requirements applicable to the administration of projects for all U.S. Department of Education (ED) grants, except where inconsistent with federal statutes, regulations, or other terms of a grant. This manual does not apply to for-profit organizations, or to individuals. Hospitals operated by a government and institutions of higher education are only subject to provisions applicable to non-governmental organizations. NOTE: FAILURE OF RECIPIENTS TO COMPLY WITH THIS MANUAL COULD RESULT IN AN AUDIT EXCEPTION AND THE SUBJECT EXPENDITURE AND/OR PROJECT TO DISALLOWANCE.

*Reference: 34 CFR 74.40-74.48, 80.1-80.36*

#### STANDARDS OF FEDERAL FUNDS ACCOUNTING AND SAU/SCHOOL DISTRICT ACCOUNTING

Standard accounting procedures are to be uniformly applied to all federally funded projects. Each project requires a complete, separate, and autonomous accounting record. The financial system should encompass all financial transactions. A LEA financial system is comprised of three essential functions:

1. Disbursing Function: Receives and pays out cash. This is the responsibility of the LEA.
2. Entitlement Determination Function: Determines the funds available to an employee or vendor, and prepares the necessary manifests. The LEA performs this function, with a separate and proper authority approving all manifests prior to payment.
3. Accounting Function: Maintenance of journals, ledgers, and related files. The LEA performs these functions.

Only the accounting function has been separately established for federal funds accounting. The LEA's financial system acts as an intermediary for a federally funded project. They receive all cash coming in for the project, and make all payments related to the project. All disbursements vouchers (manifests), which are recorded in the federal funds ledger prescribed in this manual, are copies of manifests originally paid by the LEA and recorded as expenditures in the LEA financial system. Copies of manifests processed through the LEA financial system are posted to the federal funds ledger.

#### COST PRINCIPLES

These principles are designed to guarantee that federally assisted programs bear their fair share of costs.

1. Charges to federal projects must include only actual net costs.
2. Recipients are responsible for ensuring that project charges are expended and accounted for consistent with this manual and the approved project.
3. Costs must be necessary and reasonable.
4. Costs must be authorized, and not prohibited under state or local laws and regulations.
5. Costs must be consistent with policies, regulations, and procedures applied to other recipient activities.

6. Costs must be consistent with, and in accordance with generally accepted accounting principles appropriate to the circumstances.
7. Costs cannot be shifted to other federal grant programs to overcome fund deficiencies, avoid restrictions, or for other similar reasons.
8. The composition of costs includes allowable direct and indirect cost, less applicable credits.

*Reference: 34 CFR 76, 530-534; 76.560; 61.63*

## OVERVIEW OF ACCOUNTING FOR FEDERAL FUNDS

1. Accounting and reporting requirements can be satisfied by maintaining an accounting system that has adequate internal accounting controls. In addition, there must be detailed records that support receipts and expenditures, as well as timely reporting of grant activity.
2. Development and implementation of internal controls are the responsibility of the grant recipient. Significant weaknesses disclosed in this area will be addressed as SEA reviews are conducted, or found within the annual audit performed in accordance with Chapter 18. Significant weaknesses or Audit Findings disclosed as a result of the yearly audit will prompt the need for corrective action.
3. This manual's prescribed accounting system is consistent with generally accepted accounting principles, and federal requirements.
4. The principle characteristics of the system are briefly discussed.
  - a. The manual provides for reports depicting financial information during the life of the project, and upon project completion. Separate records, as well as supporting documents are required for each project. The core of the system is the federal funds ledger and related files. Each project is assigned a number to facilitate accounting.
  - b. Project Number. Funds are awarded to recipients based on an approved project application. Each approved project will be assigned a project number. A typical project number consists of five digits. EXAMPLE – Project # 83510
    - i. The first digit always identifies the [state) fiscal year. In this example, "8" stands for fiscal year ending June 30, 2008. Next fiscal year will be identified as "9" and so on.
    - ii. Centralized Federal Funding assigns blocks of numbers to each DOE program office, i.e., Titles VI, IX, Chapters I and II or VE and ABE. The program office assigns the numbers to the approved projects numerically, lowest to highest. The "3510" portion of the project account number denotes the 3510th project.
  - c. Federal Funds Ledger. All financial data pertaining to transactions negotiated with federal funds are recorded in the federal funds ledger. A separate ledger, or spreadsheet document, is maintained for each project. The philosophy and mechanics of the federal funds ledger are discussed in Chapter 9.
  - d. Project Files (PF). There must be four files maintained for each project. The files support the federal funds ledger and are fully discussed in Chapter 10.
  - e. Reports. Centralized Federal Funding requires several types of reports. An OBM Form 4 report is due quarterly, and others are contingent upon certain conditions. See Chapter 8 for more information.
  - f. Reconciliations. See Chapter 11 for more information.

- g. Pooling of Funds Concept. All monies belonging to the recipient, which are not legally restricted, could be available to apply against obligations of the recipient, without regard to the project or their source of funding. Funds do not have to be deposited in a separate federal funds account. Separate checking accounts are unnecessary, except when payments to the recipient are made on a "check-paid" basis, since the federal funds ledger is designed to reflect the status of funds. The OBM Form 4 report shows collectively the cash received and disbursed for federal projects. Chapter 14 discusses project income, and interest/investment income earned on advances of federal funds.
- h. Audit. The audit function is an integral element of the federal fund[s] financial management system. This function is discussed in Chapter 18.
- i. Advance Funding. The SEA is authorized to provide advance funding to cover project costs expected to be incurred before the next funding cycle. Initial project funding would cover costs from the beginning date of the project, and extend one month beyond the first reporting date. Subsequent funding would cover the next quarter period plus one month. Funding can be suspended for violations of this manual, and under certain other conditions. Chapter 8 contains more information regarding this subject.

*Reference: 34 CFR 80.20-26*

- 5. The accounting system established by this manual, in compliance with federal regulations, requires a modified accrual accounting basis. Modified accrual accounting is based on revenues being recognized in the period when they become available, and measurable (known).
- 6. Income is recorded in the federal funds ledger when it becomes available to the grant recipient. See Chapter 14 for information on income. Obligations, also referred to as encumbrances, are recorded when the liability is incurred. Examples of obligations are the amounts for orders placed, contracts and sub grants awarded, services received, and similar transactions during a given period requiring payment during the same, or a future period.

The following table shows when a recipient makes obligations for various kinds of property and services.

|  |  |
|--|--|
| (a) Acquisition of real or personal property.                                  | On the date on which the recipient makes a binding written commitment to acquire the property. |
| (b) Personal services by an employee of the recipient.                         | When the services are performed.   |
| (c) Personal services by a contractor who is not an employee of the recipient. | On the date on which the recipient makes a binding written commitment to obtain the services.  |
| (d) Performance of work other than personal services.                          | On the date on which the recipient makes a binding written commitment to obtain the work.      |

(e) Public Utility services

When the recipient receives the services.

(f) Travel

When the travel is taken.

(g) Rental of real or personal property

When the recipient uses the property.

*Reference: 34 CFR 76.707*

## Chapter 2

### **APPLYING FOR FEDERAL FUNDS**

#### GENERAL

1. This chapter is not a comprehensive explanation of how to apply for federal funds. Application procedures are the responsibility of the SEA. The purpose of Chapter 2 is to set forth general information relative to the financial administration of all projects.
2. The approval of projects is based on a project application. Applicants must not incur obligations until the project application is approved. The SEA will notify the applicant in writing if the project is approved or substantially approvable. If substantially approvable, the SEA will instruct the applicant regarding any additional requirements. The applicant must submit the project application on forms required by the SEA. All applications must include an OBM Form 1 (Project Application Budget and Designation of Project Manager[/Application Manager), as discussed in Chapter 8. LEA's will use the account classifications in accordance with the N.H. Financial Accounting Handbook for LEAs. This handbook is listed on the N.H. Department of Education website at: <http://www.ed.state.nh.us/education/data/ReportsandStatistics/Data/Handbook1999EditionUpdatedAugust2001.PDF>
3. Non-LEA's must use, at a minimum, the Revenue Accounts and the Function and Object Code classifications. The SEA will assist in determining the appropriate codes. Chapter 8 of this manual lists and describes the major function and object codes.
4. Costs incurred must be in accordance with the approved budget. The budget is the financial control and method of ensuring that project objectives are carried out.
5. If any of the following conditions occur, examples a-h, recipients must request budget or program revisions, and receive written approval from the SEA.
  - a. The scope or objective of the project changes.
  - b. The total approved budget might be exceeded.
  - c. It is recognized that indirect costs are needed to absorb direct costs.
  - d. It is necessary to transfer funds between Function Codes. Cumulative revisions up to 10% of the total budget need not be approved, except for contracted services (Object Code 300), equipment (Object Code 700) and Indirect Costs.
  - e. Changes in key personnel could alter the project's scope or effectiveness.
  - f. Financial assistance is provided to a third party or actual substantive programmatic work is to be transferred to a third party.
  - g. A budget is revised due to transfer of amounts for student support.
  - h. Requests for extensions on the project period when appropriate and circumstances require such a request.

*Reference: 34 CFR 76.300, 76.704*

#### PROJECT APPLICATION

1. When applying for a grant, consideration must be given to the following:
  - a. Project goals and objectives must be clearly identified.
  - b. Proposed expenditures must relate to project goals and objectives.
  - c. The proposed "project beginning date".
  - d. Work papers must be available to support the budget. These work papers must separately list the cost of materials, services and equipment requested to support the project. These costs must be in accordance with project goals and objectives.

Several examples are offered below:

Personnel. Personnel costs should be identified by position or task to be performed, number of personnel requested, and charges to be incurred for each person. The applicant must relate these charges to the budget. Positions or personnel requests should be based on standards and referenced thereto. In the absence of written standards, the rationale underlying the request for these personnel should be stated.

Equipment. Equipment must be specifically identified and justified. Justification should include its purpose, why it is necessary, how it will be used, and the number of people it will service or workload it will fulfill.

Services. Services must be specifically identified and justified. Justification should include its purpose, why it is necessary, how it will be used, and the number of people it will service or workload it will fulfill. Services that provide medical treatment, entertainment, recreation, and catering are to be specifically identified by date, place, and purpose.

Indirect Costs. Indirect costs, if allowable, may be included in the project budget. The percentage used must be the one approved by the SEA or as stated in a grant program. Chapter 4 includes a computation example and additional information.

#### TO WHOM AWARDS WILL BE MADE

1. Projects will be approved and awarded to applicants who meet state and federal requirements. The fiscal agent, as designated on the OBM Form 1 will receive the funding, and bear the responsibility for the management of funds. The project manager is responsible for program content and certification that expenditures are appropriate. The applicant designates the fiscal agent and the project manager. All payments and documentation are the responsibility of the designated fiscal agent. The designated fiscal agent must comply with all requirements, and is responsible for all project accounting records and files.
2. On occasion, an LEA will act as the fiscal agent for an entity outside of the SAU, such as in the case of a Charter School. In the event an arrangement of this nature takes place, all parties must realize that the designated fiscal agent cannot redesignate responsibility for the project. The designated fiscal agent must comply with all requirements and is responsible for all project accounting records and files.

***RESPONSIBILITIES OF THE PROJECT MANAGER***

1. The Superintendent for LEA's and appropriate officials for NON-LEA's must designate a project manager for each proposed project. This person performs a critical role in the federal funds accounting system. The responsibilities of this position include overall project administration, as well as specific duties listed below:
  - a. Ensure that the fiscal agent for the recipient receives copies of all correspondence and documentation affecting the project.
  - b. Ensure that the project is implemented in accordance with the provisions stated in the approved project, applicable federal and state laws, and any other regulations and directives.
  - c. Initiate procurement requests and ensure they are in accordance with prescribed procedures. (See Chapter 16)
  - d. Stay within the budget limitation allowances.
  - e. Ensure that all procured materials and services are necessary to carry out the project objectives.
  - f. Request project amendments as necessary.
  - g. Ensure that only approved materials, equipment or services are procured.
  - h. Ensure that the official accounting records contain only approved charges.
  - i. Comply with property management and control requirements. (See Chapter 15)
  - j. Ensure purchasing requirements are met. (See Chapter 16)
  - k. Assist in the development of cash requirement requests.
  - l. Ensure the timely submission of support documentation for all obligations and disbursements.
  - m. Maintain supporting working papers and other relevant data to substantiate the project budget, expenditures, and disbursements.

## ***INDIRECT COSTS***

This chapter will answer many questions related to accounting for indirect costs and explain basic guidelines. For purposes of clarity, this chapter has been divided into the following sections: Basic Principles and Information Relevant to Indirect Costs; How to Compute Indirect Costs; LEAs, State Agencies, and Other Agencies. The Basic Principles and How to Compute sections apply to all grant recipients.

A recipient's eligibility to charge indirect costs may be discussed with the SEA. Questions on accounting procedures for indirect costs should be directed to the SEA Internal Audit Section.

### **BASIC PRINCIPLES AND INFORMATION RELEVANT TO INDIRECT COSTS**

1. Applicable definitions include:

a. Direct costs: OMB Circular A-87 (page 4) defines direct costs as "...those which can be identified specifically with a particular cost objective."

*Reference: OMB Circular A-87*

b. Indirect costs: OMB Circular A-87 (page 5) defines indirect costs as "...those (a) incurred for a common or joint purpose benefiting more than one cost objective, and (b) not readily assignable to the cost objectives specifically benefited, without effort disproportionate to the results achieved."

*Reference: OMB Circular A-87*

2. Indirect costs can only be charged by the use of an approved indirect cost rate. The SEA Bureau of Data Management establishes and maintains a listing of approved rates.

3. An approved indirect cost rate is not by itself a legal basis by which to charge a project for indirect costs. Indirect costs must be approved as part of the project budget. Indirect cost expenditures cannot exceed the amount authorized in the approved or amended project budget.

4. The indirect costs charged to a project using a valid, approved rate require no further accountability. The method used to determine the indirect cost rate is subject to audit, and work papers relating thereto must be retained.

*Reference: 34 CFR 80.20*

5. All charges must be obligated before the project period ends. If the LEA wishes to change the amount of indirect cost charged, this change must be requested before the project end AND must be requested in writing in order to provide an audit trail. The indirect costs will be based on the direct charges expended for the project prior to the project period expiration. These are recorded in the Federal Cash Expended column of the federal funds ledger and unexpended obligations in the Funding Authority Obligated column.

6. All expenditures posted in the federal funds ledger must be documented and related to the source used to compute the indirect cost charge.

7. When the indirect cost expenditure is recorded in the federal funds ledger it should be identified separately in an Expenditure Accounts Section.
8. There must be consistent application of all costs.
9. Personnel costs that are prorated and charged as a direct expense to a federal project must be explained and the rationale for the charge explicitly stated. Daily time sheets or comparable documents identifying the hours charged to all work areas must support the expenditure.
10. The Form 3, Project Status Report of Obligations, must include appropriate indirect cost charges.
11. The Form 3, Project Status Report of Disbursements must be prepared when all obligations have been liquidated and final disbursements made. Additional adjustments to indirect costs must be made prior to submission to the SEA if direct costs are different than those reported on the Form 3, Project Status Report of Obligations.
12. Federal regulations state that the indirect costs cannot exceed the rate times the direct charges.

#### HOW TO COMPUTE INDIRECT COSTS

1. Application and budget calculation:

The total grant allocation divided by 1.xxx = total available for direct costs (.xxx = approved indirect cost rate converted to a decimal).

The total grant allocation less direct costs = allowable indirect costs. In the example that follows, 3.5% is the approved indirect cost rate used against a total grant allocation of \$20,000.

EXAMPLE:  $\$20,000 \div 1.035 = \$19,323.67 =$  direct costs  
 $\$20,000 - \$19,323.67 = \$676.33$  indirect cost allowed if all direct costs are expended.

NOTE: rounding up is not permitted when calculating indirect costs.

2. For comparing actual indirect cost earned at any time during the grant period or for closing out the grant, multiply the actual direct expenses as recorded in Federal Cash Expended column of the federal funds ledger and multiply by .xxx as approved on the BBM Form 2. The following example assumes an approved indirect cost rate of 3.5% and direct costs totaling \$19,200.

EXAMPLE:  $\$19,200 \times 3.5\% = \$672$  or a total of \$19,872 charged to the project, leaving \$128 balance not obligated.

NOTE: Unless additional expenses are obligated during the grant period any advance funding will have to be returned to the SEA.

## LOCAL EDUCATION AGENCIES (LEAs)

1. The indirect cost rate for each LEA must be approved annually by the SEA.

*Reference: 34 CFR 76.561*

## STATE AGENCIES

1. Grants made to other state agencies are eligible for indirect costs to cover allowable supporting costs and necessary direct supervision. The indirect cost rate shall be determined in accordance with 34 CFR 75.560. The Grantee must have a current indirect cost rate agreement to charge indirect costs to a grant. To obtain an indirect cost rate, a grantee must submit an indirect cost proposal to its cognizant agency and negotiate an indirect cost rate agreement.

2. A plan for allocation of costs is required to support the distribution of any direct costs related to the grant program. All of these costs must be supported by formal accounting records that substantiate the propriety of charges. The SEA, in collaboration with other federal agencies, is responsible for negotiation, approval, and audit of cost allocation plans.

## OTHER AGENCIES (This category includes all other recipients.)

1. The method for charging indirect costs must be through the use of a predetermined fixed rate or a negotiated lump sum for overhead, agreed to annually, and approved by the SEA.

2. The indirect cost rate must be based on sufficient documented data and supported by formal accounting records that substantiate the propriety of the indirect charges.

*Reference: 34 CFR 76.564.*

***Supplementing vs. Supplanting Q&A***

Listed below are several questions and answers relevant to the area of supplementing vs. supplanting.

Q 1. An LEA has hired a Director of Literacy as a K-12 administrative position. All the Title I schools in the LEA are K-5 targeted assistance schools. Thirty percent of the students in the LEA receive Title I services. May Title I pay for 30 percent of the Literacy Director's salary?

A 1. No. This is a K-12 position and this employee is responsible for literacy services for all children in the LEA, not just at-risk children in Title I schools. No supplemental services are being provided by the Literacy Director to Title I students. In other words, Title I students are receiving the same services that non-Title I students are receiving, and nothing more. This would be supplanting. In looking at this situation, it is also helpful to ask what the LEA would do in the absence of Title I funds. Since 70 percent of the students are non-Title I students, it is likely the Literacy Director would still be a necessary position that would be paid for with State and/or local funds.

Q 2. May Title I funds be used in a targeted assistance program to pay for Title I students' participation in an extended day kindergarten program?

A 2. Yes, if the Title I program is designed to extend the time that a Title I-eligible student is in kindergarten. For example, the district provides morning instruction through State and local funds to all students, including Title I students. Students identified as most in academic need are then served in the afternoon through Title I funds by an appropriately licensed teacher. The teacher may be the same individual who teaches kindergarten in the LEA's regular kindergarten program, with Title I funding the second half of the teacher's day and salary. This model meets the supplement, not supplant test since Title I students are receiving services beyond those provided by the LEA to all students.

Q 3. May an LEA use State and local funds to pay for non-Title I students' participation in a full-day kindergarten?

A 3. No. In the situation described in Q2, in which an LEA funds morning kindergarten instruction for all its students with State and local funds, the LEA may not provide afternoon kindergarten for non-Title I students with State and local funds while using Title I funds to provide afternoon kindergarten for Title I-eligible students. (This principle applies within a single Title I school, or across the district among Title I and non-Title I schools.) This would violate the supplanting prohibition because an LEA may not use Title I funds to provide services to Title I students that it provides with non-Title I funds for non-Title I students.

Q 4. May an LEA use Title I funds to pay for extended-day kindergarten costs for Title I eligible students, while parent contributions pay for non-Title I students?

A 4. Yes. Title I funds could be used to pay for extended-day kindergarten for Title I-eligible students while parents of non-Title I students pay to participate in the same program, provided that the program the non-Title I students are paying for is the same program as that being provided to Title I students with Title I funds at no cost to the Title I students.

This assumes that there are no State or local legal prohibitions to charging parents tuition or a fee for education provided by a public school.

Q 5. A teacher has been paid by local district funds in previous school years, and the district is now requesting this expense to be charged to a federal grant?

A 5. No. Federal guidelines stipulate that federal funds may only be used to support those programs that are grant related. Any salary paid to a particular teacher using federal funds must be documented by timesheets showing applicable grant activity. Otherwise, the teacher would continue to be paid with local district monies.

*Reference: <http://www.ed.gov/programs/titleiparta/fiscalguid.doc>*

## ***COST SHARING OR MATCHING***

### GENERAL

1. This chapter contains rules for satisfying federal requirements for cost sharing or matching. These rules apply whether the cost sharing or matching is required by federal statute or by other terms of the grant.

### DEFINITIONS

2. For purposes of this chapter the following definitions apply:
  - a. Cost sharing or matching. The value of third-party in-kind contributions and that portion of the costs of a grant-supported project or program not borne by the federal government. A cost sharing or matching requirement may not be met by costs borne by another Federal grant.
  - b. Equipment. Its value is determined by market value at the time of purchase or donation, but the threshold must meet a cost equal or greater than \$250.00, and a useful life of greater than one year.
  - c. Supplies. All tangible personal property other than equipment, with a useful life of less than one year.
  - d. Third-party in-kind contributions. These count towards satisfying a cost sharing or matching requirement only where, if the party receiving the contributions were to pay for them, the payments would be allowable costs within the requirements of the federal grant.

### APPLICATION OF RULES

3. Costs borne and allocable to a particular Federal award or cost objective may not be charged to other Federal awards to overcome fund deficiencies, or to avoid restrictions imposed by law or terms of the Federal awards.
4. Costs, nor the value of third party in-kind contributions, may count towards more than one cost sharing, or matching requirement of a federal grant agreement.
5. Costs financed by general program income are not allowable unless the terms of the grant expressly permit them.
6. Except as otherwise addressed above, costs incurred by grantee, subgrantee, or cost-type contractor that are allowable will meet the matching requirements.
7. There must be records that clearly support cost sharing and matching.
8. Valuations of grantee/sub grantee matching costs are generally accepted at current fair market value.

*Reference: 34 CFR 80.24, OMB Circular A-87 C. 3c.*

## **STANDARDS FOR FINANCIAL MANAGEMENT SYSTEMS**

### GENERAL

These standards apply to the SEA and recipients receiving funds from SEA.

*Reference: 34 CFR 80.20*

### STANDARDS

1. **FINANCIAL REPORTING.** Sub-recipients' financial management systems shall provide accurate, current, and complete disclosure of the financial results of each federally sponsored project in accordance with the grant or subgrant and SEA requirements.
2. **ACCOUNTING RECORDS.** Records must adequately identify the source and application of funds for federally sponsored activities and must include information pertaining to grant awards, authorizations, obligations, unobligated balances, assets, outlays, interest and income.
3. **INTERNAL CONTROL.** Effective control of and accountability for all funds, property, and other assets shall be maintained. Recipients shall adequately safeguard all assets and assure they are used solely for authorized purposes.
4. **BUDGETARY CONTROL.** The actual and budgeted amounts for each project shall be compared. If appropriate or specifically required, financial information shall be related to performance or productivity data.
5. **ADVANCE PAYMENTS.** Written procedures shall be established to minimize the time elapsing between the advance of federal funds and disbursement of these funds.

*Reference 34 CFR 80.21*

6. **ALLOWABLE COSTS.** Written procedures must be established for determining the reasonableness, allocability, and allowability of costs in accordance with the provisions of the applicable Federal cost principles and the terms and conditions of the award.

*Reference: 34 CFR 80.20*

7. **SOURCE DOCUMENTATION.** Accounting records shall be supported by source documentation such as canceled checks, paid bills, payrolls, contract and subgrant award documents. See Chapter 12 for additional information.

*Reference: 34 CFR 80.20*

8. **AUDITS.** A Certified Public Accountant on an annual basis shall perform audits. Audits will normally be made on an organization-wide basis to test the fiscal integrity of financial transactions and compliance with the terms of the projects. The audit will include examination of federal and state funds. A systematic method assuring timely and appropriate resolution of audit findings and recommendations must be established. Chapter 18 explains in detail the federal audit requirements.

*Reference: 34 CFR 80:26*

## **REPORTS AND OTHER DOCUMENTS**

### GENERAL

1. This chapter discusses the reports required and forms or documents currently being used in federal funds accounting.
2. A serious accounting or financial control problem is basis for withholding funding and may result in the recipient receiving project cash only after submitting evidence that expenses have been paid. Example: continued delinquent submission of the OBM Form 4 report will be considered an accounting problem.

*Reference: 34 CFR 80.20*

3. Information concerning these forms can be found on the Department of Education website: <http://www.ed.state.nh.us/education/index.htm>, and choose Programs, Information & Services and select the letter 'O', where you will see the following: OBM Forms, and you would click on those.

### PROJECT APPLICATION BUDGET AND DESIGNATION OF PROJECT MANAGER/APPLICATION MANAGER - OBM FORM 1

4. The budget estimate is prepared by the applicant as an integral part of the project proposal. The detailed budget is prepared using the lowest level of codes possible and summarized by major expenditure function and object codes as described in the N.H. Financial Accounting Handbook for LEAs. The Certifications related to the funding of a project and designation of project manager and fiscal agent are an integral part of the OBM Form 1.

A very general description of function and object codes is listed below. To view the codes in greater detail please go to page 70 of the N.H. Financial Accounting Handbook for LEAs. The handbook can be found on the SEA website at

[http://www.ed.state.nh.us/education/data/ReportsandStatistics/Data/Handbook1999Edition UpdatedAugust2001.PDF](http://www.ed.state.nh.us/education/data/ReportsandStatistics/Data/Handbook1999EditionUpdatedAugust2001.PDF)

#### Description of Function Codes

|        |  |
|--------|--|
| 1000 = | Instruction General                              |
| 2000 = | Support Services -Students                       |
| 2200 = | Support Services - Instructional Staff           |
| 2300 = | Support Services - General Administration        |
| 2400 = | Support Services - School Administration         |
| 3000 = | Operation of Non-Instructional Services          |
| 4000 = | Facilities Acquisition and Construction Services |
| 5000 = | Other outlays                                    |
| 5200 = | Fund Transfers                                   |
| 5300 = | Intergovernmental Agency Allocations             |

## Description of Object Codes

|       |  |
|-------|--|
| 100 = | Personal Services - Salaries                   |
| 200 = | Personal Services – Employee Benefits          |
| 300 = | Purchased Professional and Technical Services  |
| 400 = | Purchased Property Services                    |
| 500 = | Other Purchased Services                       |
| 600 = | Supplies and Materials                         |
| 700 = | Property, Equipment, Furniture, Fixtures, etc. |
| 800 = | Other Objects/Indirect Costs]                  |
| 900 = | Other Uses of Funds/Indirect Costs             |

5. The proposed budget summarizes the budget data developed and supported by working papers, as discussed in Chapter 2. The OBM Form 1 must be amended in accordance with Chapter 2 when revisions are necessary. Working papers must be retained in accordance with Chapters 10 and 17.
6. The OBM Form 1, a double sided document, is submitted as part of the original project application without an assigned project number. Please leave the space blank. SEA will assign the project number.
7. When additional sheets are required to complete the detailed budget section of the OBM Form 1, use the form and annotate the sheet as page 3 of 3, or 3 of 4, as appropriate, being sure to sign all original documents with blue ink.
8. This document requires an original signature (preferably in blue ink). The SEA maintains a file of authorized personnel for each SAU/RA and these are supported by Minutes of the School Board.

## PROJECT APPROVAL/FUNDING AUTHORIZATION FOR SAU/RA– BBM FORM 2

9. The BBM Form 2, prepared by the SEA, is the only legal document which gives official notification and fund authorization to the recipient. Obligations can be incurred and disbursements made against the approved project only after receipt of the BBM Form 2. Under extenuating circumstances at the SEA, alternative official written notification, other than the BBM Form 2, providing the project number, project period, and authorization will be issued. However, bear in mind that obligations made prior to the start date on the BBM Form 2 are at your own risk.
10. LEAs use the SAU number, and other grantees have an RA number assigned by Centralized Federal Funding. The SAU/RA number and the project number must be referenced on all correspondence and data relating to a federal project.
11. The project period identifies the time when federal dollars can be obligated for the project. Obligations must not occur outside this period. Any obligating documents dated outside the project period are invalid, illegal and will be disallowed. Final payments for supplies or services ordered, received or invoiced during the project period must be made within ninety (90) days after the project ends.
12. Approved Project Budget section. This section does not give authorization to incur obligations. It only states the budget has been approved. Indirect costs approved for the project must be handled in accordance with Chapter 4.
13. Only \$ \_\_\_\_\_ can be legally obligated during Project Period \_\_\_\_ \_ through \_\_\_\_\_. This statement authorizes the expenditure of funds. \_\_\_\_\_
14. Funding Authority section. This section is for SEA use only.

## PROJECT STATUS REPORTS - OBM FORM 3

15. This report contains the financial data that the SEA must submit to the (ED) federal office in Washington in an accurate and timely manner. The OBM Form 3 serves two purposes:
  - a. The OBM Form 3, used as a report of obligations, must be submitted as of the project end date. It is submitted with the OBM Form 4 Quarterly Report when all funds have been obligated, but not later than the report corresponding to the project end date completing the front side only.
  - b. As a Report of Disbursements all disbursements must be completed within the period covered by the OBM Form 3 and in compliance with paragraph 11 above (no more than ninety (90) days after the project end date). This is a double-sided document.
16. Instructions for completion of the OBM Form 3 as a Report of Obligations are outlined below.
  - a. The report is submitted with the OBM Form 4 report at the quarter equal to, or immediately following the project end date.
  - b. Prepare and submit a separate OBM Form 3 report for each project. The obligated data must be analyzed and distributed to the expenditure accounts. The Unliquidated Obligations File should contain the balance of unpaid obligations. This file must be analyzed and distributed to the correct expenditure accounts.
  - c. The fiscal agent is responsible for the preparation and submission of two (2) copies of the report.
  - d. The certification data must be attested to by authorized personnel. Copies of School Board Minutes designating authorized personnel must be on file with SEA.
  - e. The period ending date is very important and is not the project end date; it is the date the transactions are complete.
17. Preparation of the OBM Form 3 as a Report of Disbursements is essentially the same as the Report of Obligations. It is an unaudited report of project expenditures.

## QUARTERLY FINANCIAL REPORT OF APPROVED PROJECTS - OBM FORM 4

18. The OBM Form 4 is the basis for funding, monitoring of cash flow and for other aspects of financial control regarding federal projects. This is a double-sided form.
  - a. Details of Form Completion
    1. Check one of the boxes on the top right hand corner according to the nature of the report.
    2. From: The address of the recipient. For SAUs, this is normally the Superintendent's address. Other fund recipients should enter the official address of the office maintaining, and responsible for the financial records.
    3. To: Send two (2) copies to the Department of Education, Office of Business Management, Centralized Federal Funding 101 Pleasant Street, Concord, N.H. 03301-3860.
    4. Submit a separate OBM Form 4 for each fiscal agent.
    5. Project Account Number column. List project numbers in ascending order.
    6. SEA CAN column. To be used only by SEA personnel.
    7. Approved Funding column. The cumulative amount of approved funding shown in the Approved Funding column of the federal funds ledger. It should also agree with the BBM Form 2 received in that quarter.
    8. Cumulative Obligations column. Total dollar amount in the Funding Obligated column of the federal funds ledger.

9. Cumulative Disbursements column. Total Federal Cash Expended column as recorded in the federal funds ledger.
10. Disbursements Next Quarter. Refer to paragraph 18 below for instructions on projecting estimated quarterly disbursements.
11. Cash Received. Total amount of cash received from the SEA. This is taken from Federal Cash Received column of the federal funds ledger.
12. Each column amount must be supported by documents in the corresponding project files.
13. Cash Request column. The amount entered should be the cash needed to pay project expenses over the next three (3) months as explained in paragraph 18 below.
14. Enter the end of quarter date when the federal funds ledger was closed and lined-off.
15. Superintendent of Schools/Authorized Signature (signature line) and date signed. The Superintendent must personally sign on this line. Exception: The Business Administrator or Assistant Superintendent may sign when authorized by the School Board. A letter from the School Board including copies of the meeting minutes must be on file with Centralized Federal Funding. This designee must sign the report in the same manner required of the Superintendent. Facsimile and stamp signatures are not acceptable.
16. The report is submitted as of the last day of March, June, September, and December, and must be received by the SEA no later than the 10th of the following month except for the June Report, which should be received by the 15th of July.
17. Projects that must be reported. All projects not completed and closed must be reported. A project is reported closed on the OBM Form 4 by placing a "C" immediately following the project number. A project cannot be closed until columns 3, 4, 5, and 7 are equal and the project period has ended. Once a project is accepted by the SEA as closed, it cannot be reopened and should not be reported again. A project can be closed when it is known that all project business has been completed.
18. Instructions for Determining the Estimated Need for Additional Cash (column 11 of OBM Form 4).
  1. A projected three (3) month cash requirement request is recommended with the submission of the [first (1<sup>st</sup>) and second (2<sup>nd</sup>) quarter reports September 30 and December 31. It will normally take a month from the closing date on the report of reimbursement to be received when reports are received by the Centralized Federal Funding department in a timely manner.
  2. An estimation of cash needed must be calculated for each project.
  3. Actual analysis to determine cash needed:
    - a. Analyze current unpaid obligations. This can be accomplished by examining the Unliquidated Obligations File. Determine what will be paid before the next receipt of cash from the SEA for the project being reported.
    - b. Determine what new obligations will be incurred, with input from the Project Manager, and paid before the next receipt of cash. Do this by reviewing projected salaries, contractual services, supply need, etc., and estimating the amounts that will be paid during the next quarter.
    - c. After completing "a" and "b" determine the following:

## EXAMPLE

|   |                   |
|---|-------------------|
| Current unpaid obligations that will be disbursed                                       | \$ 520.95         |
| Obligations that will be incurred and disbursed   |                   |
| Salaries  | \$ 630.75         |
| Contracted Services   | 400.00            |
| Supplies  | 100.00            |
| Equipment   | 95.00             |
| SUBTOTAL (To be included in the disbursements<br>next quarter column of the OBM Form 4) | <u>\$1,225.75</u> |
| TOTAL Estimated Disbursements   | \$1,746.70        |
| Less Current Cash Balance   | <u>-316.50</u>    |
| ESTIMATED CASH NEEDED   | \$1,430.20        |

d. Based on the estimate in "c," \$1,400.00 should be requested for this particular account. The estimated amount should be rounded to the nearest hundred (100) dollars. Exception: Request the exact amount required to close each project.

4. Projections of Estimated Need for Additional Cash must be as accurate as possible.
5. If cash requested will cause cash received to exceed the current approved funding for the project, an explanation must be included with the OBM Form 4. The request for cash should not exceed the approved funding unless this has been coordinated with the SEA.

## FEDERAL CASH WITHDRAWAL DOCUMENT – OBM Form 6

19. This document is used to withdraw excess project cash. Funds must be returned to the SEA by the date requested. Explanations must be submitted when the deadline cannot be met. To preclude the withdrawal of funds, review the third (3<sup>rd</sup>) quarter request carefully. This transaction does not affect the Federal Cash Expended column, only the Federal Cash Received column of the federal funds ledger.

## FUNDING ACTION LETTER - OBM Form 7

20. This is a standard letter prepared by Centralized Federal Funding to:
  - a. notify fund recipients that a payment manifest has been prepared
  - b. show the action taken on the OBM Form 4
  - c. request action be taken on the OBM Form 4 or OBM Form 3 report(s).
  - d. forward an OBM Form 4 or OBM Form 6
  - e. Funding Detail attached

## REQUEST FOR INITIAL CASH FUNDING - OBM Form 8

21. Initial cash funding is available only when there are insufficient general funds within the LEA to cover immediate project costs. The grant recipient completes the form only when cash is required to implement the project prior to the beginning of automatic or routine funding. There must be a project number on file to receive cash funding.

## ANALYSIS LETTER (REPORT CARD)

22. The request will come from Centralized Federal Funding and all items listed must be reviewed and corrective action taken.

**FEDERAL FUNDS LEDGER (FFL)**

1. The federal funds accounting system requires separate records and supporting documents. The federal funds ledger and related files are the key elements of the system.
2. A federal funds ledger must be maintained for each project number as shown in the upper right corner of the BBM Form 2.
3.
  - a. Accounting transactions relating to the authority to spend or obligate funds are clearly and completely separated from cash transactions.
  - b. Posting Date column. The date the item was posted, not the date of the transaction or the document. If posting is done on a daily basis, then the posting date could coincide with the date of transaction. In a large accounting operation where documents are placed in a batch, the batch control document date will be the posting date.
  - c. Descriptions of Transaction column. Types of information included are vendor's name, type of adjustment, receipt of cash or other information, which will allow for easy reference to the source documents.
  - d. Document Identification and Number column. Every entry made in the ledger (except monthly total lines) must be made based on a source document; and this document must be identified. The source document (purchase order, payroll manifest, check, invoice, MOD, MAD, etc.) must be signed and approved by the proper official.
  - e. Posting Reference column. The column reflects transaction completion. Financial documents that require no further processing will have an "X" or check mark in this column, making the open transactions easily identifiable. Example: the BBM Form 2, Project Approval/Funding Authorization for SAU/RA.
  - f. Funding Authority Received column. Each transaction, which increases or decreases the authority to spend funds, is posted here. Example: BBM Form 2 and any revisions.
  - g. Funding Authority Obligated column. Each transaction, which increases or decreases the obligations made against this funding authority is posted here. Example: purchase orders, contracts for services.
  - h. Federal Cash Received column. Each transaction reflecting the receipt of cash is recorded here. Exception: Reimbursements of unexpended federal funds to the SEA are recorded as a reduction to cash received in this column as a negative entry.
  - i. Federal Cash Expended column. Each transaction reflecting the disbursement of cash (except repayments to the SEA are recorded here and in the appropriate Expenditure Accounts column. Exception: The reimbursement of federal funds to the SEA is recorded in the Federal Cash Received column.
  - j. Budget Limitations and Expenditure Accounts columns. The number of "Expenditure Account" columns on the sample has been limited in order to print the FFL on 8 1/2" x 11" paper. Any number of "Expenditure Account" columns needed can be added. Only expenditure accounts authorized by the New Hampshire Financial Accounting Handbook for LEAs can be used, and the account used should be at the lowest level that specifically identifies the expenditure in the LEAs general ledger. For example: Use 120.1 not 120, or 100, to record payment of a temporary elementary school teacher's salary expense.

## ***PROJECT FILES (PF)***

### GENERAL

1. Federal funds accounting procedures specify four (4) files are maintained for each project. These files are an integral part of the federal funds accounting system. Their proper maintenance serves two basic purposes:

- a. To store data pertinent to the project that is not recorded in the federal funds ledger. For example, the project application and work papers relating to the development of the project budget and how resources will be used. This file is indispensable for justifying and supporting project funds requested and expended.
- b. To house documents supporting financial transactions recorded in the federal funds ledger. These would include supporting documentation for the receipt of income, obligation of funds, and expenditure of cash. An explanation of most documents is contained in Chapter 12.

### PROJECT BUDGET FILE

2. This file should contain the data listed below:

- a. Project Application and/or Proposal.
- b. Budget data. Work papers that support the requested, approved, and revised budget.
- c. Equipment requests and approvals.
- d. Memoranda identifying personnel paid from project funds. When the federal portion of the salary payment is not 100%, a complete breakdown of the payment must show the individual, dollar amount, and percentage of total salary charged to the account.
- e. Identification, justification and rationale for the proration of other expenses.

### FUNDING AND CASH RECEIPTS FILE

3. This file supports the Funding Authority Received and Federal Cash Received columns of the federal funds ledger. The BBM Form 2s are filed here. Federal cash withdrawals (listed on OBM Form 4) and transfers of cash documentation (listed on OBM Form 6) become part of this file.

### UNLIQUIDATED OBLIGATIONS FILE

4. This file contains copies of all unpaid obligating documents, including Miscellaneous Obligating Documents. Obligation is defined in Chapter 12, paragraph 5. When the obligation is paid, it should be attached to and filed with the corresponding payment voucher. In the event an obligation is partially paid, the obligating document, or an appropriately annotated substitute, must remain in the file.

5. The documents and balances in the file must always equal the Funding Authority Obligated column of the federal funds ledger after subtracting the Federal Cash Expended column total.

6. Following are examples of documents found in this file:

- a. Purchase orders
- b. Contracts or obligating agreements
- c. Miscellaneous Obligating Documents (MOD)
- d. Abstract documents.

## DISBURSEMENTS FILE

7. All documents that liquidate an obligation or otherwise represent a payment against project funds must be in this file. Attached to these documents will be the paid obligating document, the bill or invoice, and the receiving report. The following are examples of disbursing documents:

- a. Vendor Voucher Manifests
- b. Payroll Manifests
- c. Checks/Electronic Documentation
- d. Miscellaneous Adjustment Documents (MAD), when appropriate.

8. All documents must be cross-referenced to the federal funds ledger page and line number. When there are multiple amounts on the document, each amount posted must be specifically identified.

## PERSONNEL ACTIVITY REPORTS

9. The guidelines for those individuals whose work is financed in whole or in part with federal funds must follow the directives contained in the OMB Circular A-87, specifically detailed in #11 under the heading **Compensation for personnel services, (h):**

(4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:

- (a) More than one Federal award,
- (b) A Federal award and a non Federal award,
- (c) An indirect cost activity and a direct cost activity,
- (d) Two or more indirect activities which are allocated using different allocation bases, or
- (e) An unallowable activity and a direct or indirect cost activity.

(5) Personnel activity reports or equivalent documentation must meet the following standards:

- (a) They must reflect an after the fact distribution of the actual activity of each employee,
- (b) They must account for the total activity for which each employee is compensated,
- (c) They must be prepared at least monthly and must coincide with one or more pay periods, and
- (d) They must be signed by the employee.
- (e) 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:

(i) The governmental unit's system for establishing the estimates produces reasonable approximations of the activity actually performed;

(ii) At least quarterly, comparisons of actual costs to budgeted distributions based on the monthly activity reports are made. Costs charged to Federal awards to reflect adjustments made as a result of the activity actually performed may be recorded annually if the quarterly comparisons show the differences between budgeted and actual costs are less than ten percent; and

(iii) The budget estimates or other distribution percentages are revised at least quarterly, if necessary, to reflect changed circumstances.

(6) Substitute systems for allocating salaries and wages to Federal awards may be used in place of activity reports. These systems are subject to approval if required by the cognizant agency. Such systems may include, but are not limited to, random moment sampling, case counts, or other quantifiable measures of employee effort.

The website for the OMB A-87 circular is: [www.whitehouse.gov/omb/circulars/a087/a87\\_2004.html](http://www.whitehouse.gov/omb/circulars/a087/a87_2004.html)

\* Please refer to Appendix D, page X for a sample copy of a personnel activity report.

**RECONCILIATIONS**

GENERAL

1. Reconciliations are an integral part of every good accounting system for ensuring system integrity and providing further assurance that transactions have been properly recorded. Federal funds accounting procedures require quarterly reconciliations of:

- a. Project files to the federal funds ledger and related OBM Form 4 report
- b. Cash receipts and disbursements reported on the OBM Form 4 to LEA general accounting records
- c. Treasurer's accounts (records) should be balanced to LEA records.

2. The reconciliations, designed specifically for federal funds accounting, are discussed in the following paragraphs.

RECONCILIATION OF THE PROJECT FILES TO THE FEDERAL FUNDS LEDGER

3. Each project's records must be reconciled quarterly. The following format should be followed:  
Reconciliation of Project Files & Federal Funds Ledger

| Project Number _____<br>Project Files   | Quarter Ending _____<br>Federal Funds Ledger        |
|---|---|
| 1. Approved Funding \$ _____<br>(Funding & Cash Receipts Files)                   | \$ _____ (column 6)<br>(Funding Authority Received) |
| 2. Total Obligations _____<br>(Unliquidated Obligations &<br>Disbursements Files) | _____ (column 7)<br>(Funding Authority Obligated)   |
| 3. Cash Received _____<br>(Funding & Cash Receipts Files)                         | _____ (column 8)<br>(Federal Cash Received)         |
| 4. Cash Disbursed _____<br>(Disbursements File)                                   | _____ (column 9)<br>(Federal Cash Disbursed)        |
| 5. Unliquidated _____<br>Obligations File   | _____ (column 7 minus column<br>9)                  |

CASH TRANSACTIONS TO GENERAL ACCOUNTING RECORDS

4. The OBM Form 4 reports must be reconciled to the general accounting records quarterly, and as projects are completed and closed out. The format outlined below should be followed:

Reconciliation of Federal Fund Cash Transactions To LEA General Accounting Records

Recorded on: \_\_\_\_\_

|            | OBM Form 4 |               | LEA           |                    |
|------------|------------|---------------|---------------|--------------------|
|            | Receipts   | Disbursements | Cash Receipts | Cash Disbursements |
| 1st Qtr FY | \$ _____   | \$ _____      | \$ _____      | \$ _____           |
| 2ndQtr FY  | \$ _____   | \$ _____      | \$ _____      | \$ _____           |
| 3rd Qtr FY | \$ _____   | \$ _____      | \$ _____      | \$ _____           |
| 4th Qtr FY | \$ _____   | \$ _____      | \$ _____      | \$ _____           |
|            | _____      | _____         | _____         | _____              |

OBM Form 4/LEA General Accounting Records reconciled:

|  | OBM Form 4 |               | LEA           |                    |
|--|------------|---------------|---------------|--------------------|
|  | Receipts   | Disbursements | Cash Receipts | Cash Disbursements |
| Totals from above                          | \$ _____   | \$ _____      | \$ _____      | \$ ____ _          |
| Transfers not recorded*                    | \$ _____   | \$ _____      | \$ _____      | \$ _____           |
| Adjusted Totals                            | \$ _____   | \$ _____      | \$ _____      | \$ _____           |
| Total cash received on current OBM Form 4  |            |               | _____         | \$ _____           |
| Total cash disbursed on current OBM Form 4 |            |               |               | \$ _____           |
|  |            |               |               | _____              |
|  |            | ** Difference |               | \$ _____           |
|  |            |               |               | _____              |

\* Attach a list identifying these transactions

\*\* When the amount in the cash received column of the OBM Form 4 is more than one month's disbursements, it indicates cash requirement estimates have been too high. When cash receipts are less than the cumulative disbursements column of the OBM Form 4, cash requirement estimates have been too low. Chapter 8, paragraph 18 reviews cash requirement estimating procedures.

NOTE: A return of funds to the SEA for excess project funding is recorded as a cash disbursement on LEA recipient records, and as a decrease in the cash received, not as disbursement on the federal funds ledger and OBM Form 4 report.

5. Non-LEAs who do not maintain cash receipt and cash disbursement journals can accomplish the objectives of this chapter by reconciling checkbook receipts (deposits of federal funds) and disbursements (checks written) to the Cash Received and Cumulative Disbursement column of the OBM Form 4.

## **DOCUMENTATION**

### GENERAL

1. The validity of charges against federal funds depends on the supporting documentation. This includes documentation relating to the relevancy of a specific expenditure toward achieving the project's stated goals and objectives. Chapters 2, 8, 9, and 10 discuss documentation in general terms. This chapter outlines specific requirements and guidelines for supporting documentation relating to a valid transaction.

2. All charges to a federal project must be supported by a legitimate project application, and/or proposal. The project application and/or proposal must comply with appropriate laws and regulations. Restrictive covenants or requirements and other provisions of the application must be satisfied. As mentioned in Chapters 2, 8, 9, and 10, the funds requested to execute the project must be supported by data that can be audited and verified to the budget.

3. Funds are not available for obligation prior to the effective project period specified on the approving document, the BBM Form 2. The date on the obligating document will be the date federal funds are obligated, unless there is evidence to indicate an earlier obligating date.

*Reference: 34 CFR 76.703, 76.704.*

4. Transactions must not violate local requirements and must meet applicable federal and state requirements.

5. Obligations are the value of orders placed, contracts and sub grants awarded, services received, and similar transactions during a given period, which will require payment during the same or a future period.

*Reference: 34 CFR 80.3*

6. Every document that affects the funding authority must be recorded in the federal funds ledger in the appropriate columns. Postings to the federal funds ledger must be substantiated by valid supporting documents, which clearly identify each transaction. A completed transaction must be substantiated by a disbursement voucher, and related receiving report, invoice, and purchase order.

7. Characteristics of documents are discussed below:

a. Purchase Order. This term is used to include purchase order documents, contracts or binding and specific agreements. These documents are to be classified as obligations and recorded to the Funding Authority Obligated column in the federal funds ledger. This applies to the acquisition of real or personal property, the construction of facilities, or the performance of work. An obligation exists on the date that a binding written commitment is made.

b. An obligation for personal services, services performed by public utilities, travel, or the rental of real or personal property, is incurred on the date the recipient receives the services, personnel takes the travel, or the recipient uses the rented property. Documentation required for payment of services performed by an individual: name, address, social security #, date of service, description of service rendered, rates and costs, (hourly, or daily), and the number of hours, travel, or mileage, and supply costs. This list is not meant to be all inclusive.

*Reference: 34 CFR 76.707*

c. Information Required on the Document. Identifying number, date, identity of supplier and recipient, description of purchase, unit of purchase, number of units purchased, total dollar amount for each item purchased, project number, appropriate approvals and/or authorizations, and distribution of purchase order.

d. Receiving Report. A special receiving report document can be used. Often one of the snap-out copies of the purchase order is designated as the receiving copy. Whatever method is used, the receiving report must correspond to the purchase order and contain the same basic data. The receiving report must show the date the order was received, units or quantity received, and signature or initials of receiver. A copy of the document must be returned to the recipient fiscal agent's office and matched to the purchase order and vendor invoice. Missing or damaged merchandise must be annotated on the receiving report.

e. Invoice. This is the bill from the vendor. As such, the buyer cannot dictate its format and content. However, the buyer can instruct that the invoice should contain information so that it can easily be related to a specific purchase order and receiving report.

f. Disbursement Voucher. There are different ways of referencing this document and maintaining the file. The disbursement transactions are usually evidenced by a vendor voucher manifest, payroll manifest, and/or the check that pays the transaction. Regardless of the method used, the check or manifest number must be shown. In addition, the related purchase orders, receiving reports, and invoices must be attached to the disbursement document. The disbursement document must clearly identify what has been paid.

g. For salary and related disbursements, a summary document may be used in lieu of the payroll manifest or register. The document must contain the dollar value of payment listing for each employee by name, or identification number and cross-referencing each individual to the payroll register using enough detail to ensure easy verification.

h. Daily time and attendance reports must be maintained for all personnel paid from grant funds. The reports will reflect the actual time worked. A leave slip is not acceptable assurance for hours worked.

i. Miscellaneous Obligor Document (MOD). The miscellaneous obligor document should be used whenever it is known that services will take place, yet the invoice for those services may not be received prior to the project closing date.

The following are some examples of when this document would be utilized:

(1) A therapist is hired for the year and will invoice for their services on a monthly basis.

Each month the amount paid will be annotated on the MOD. At year-end, the last payment will still be obligated although the invoice may come in after the end of the project period.

(2) An individual will be taking an authorized trip as part of the project. Prepare the MOD with all pertinent information (date of travel, destination, name of individual, reason for travel and estimated cost). Attach all receipts to this document when reimbursement is made.

(3) A program evaluator is hired near the end of the project period. A MOD is prepared for the amount agreed upon although the final invoice is not expected to be submitted for payment until after the end of the project period.

(4) To cover authorized auditor's fees.

j. Miscellaneous Adjustment Document (MAD). This document is used to transfer expenses between accounts. A MAD would be prepared stating the correction being made, the reason for the correction, and all documentation for any pertinent changes must be attached. Example: a charge was made to account 6444 and should have been posted to account 6544. A copy of the MAD must be placed in both files as a cross reference, and a clear audit trail of the transaction .

## ***SELECTED MISCELLANEOUS EXPENSES***

### GENERAL

1. Expenses discussed herein are subject to a high rate of audit exception or inquiry, due to the nature and/or requirements they must satisfy. Please note the following examples, with suggested methods for substantiating and handling.

### ENTERTAINMENT-TYPE EXPENSES

2. Although generally an unallowable charge to a federal project, the following charges may be allowable if they can be documented as being directly related to the project objectives:
- a. Charges for social events, meals, conferences or meetings and related services at hotels/motels/restaurants
  - b. Charges for coffee and donuts, entertainment-type presentations such as dance reviews, plays, summer camps, and all other activities with these characteristics.

Costs of this kind should also be specifically identified in the Project Application and/or proposal, and show approximate dates, costs, and a statement justifying and describing the activity and costs to be charged to the project.

*Reference:* [http://www.whitehouse.gov/omb/circulars/a087/a87\\_2004.html#14](http://www.whitehouse.gov/omb/circulars/a087/a87_2004.html#14)

COSTS ALLOWABLE WITH APPROVAL OF THE SEA AS THE GRANTOR AGENCY (an agency that grants or awards funds to another entity).

3. These costs must have approval of the grantor agency as outlined below:
- a. Automatic Data Processing: Includes services, rental, or depreciation. There is more information on the subject of Capital Expenditures in paragraph 3c below.
  - b. (1) Building Space and Related Facilities. The total cost of space is limited to the rental cost of comparable space, and facilities in a privately owned building, in the same locality. During periods of non-occupancy, authorization of the federal grantor agency is required in order to continue the use of grant funds.  
(2) Rearrangement and Alteration Costs. Must have specific approval of the SEA and must be relevant to the nature of the grant.  
(3) Occupancy of Space under Rental-Purchase, or a Lease with Option-to-Purchase Agreement. This kind of charge must have specific approval of the SEA who must then obtain permission from the U.S. Department of Education. Documentation would include paperwork which supports rent charges, and information that can identify whether payment is internal or external. Specify the actual space rented, by square feet, amount paid per square foot, or similar measure, as well as the total cost. When space or other rental charges are shared, each should be specifically identified. A statement should show that the documented costs do not exceed costs of comparable space and/or facilities in privately owned facilities in the same locality.
  - c. Capital Expenditures. Allowed only when specifically approved by SEA, who must then obtain permission through the U.S. Department of Education.

- d. Insurance and Indemnification. In general, not allowable unless previously approved in the grant application or proposal.
- e. Management Studies. Allowable, except when performed by agencies other than the SEA, or by outside consultants, both requiring the approval of the U.S. Department of Education.
- f. Professional Services. Those costs rendered by individuals or organizations, not a part of the grantor department (SEA) are allowable, subject to such prior authorization as may be required by the SEA who obtains permission through the U.S. Department of Education.

## UNALLOWABLE COSTS

- 4. Certain costs are not allowable under any circumstances:
  - a. Bad Debts and related costs.
  - b. Contingencies. Contributions to a reserve or any similar provision for unforeseen events. This includes the cost of establishing a petty cash fund.
  - c. Contributions or donations.
  - d. Entertainment. Costs of amusements, social activities, and incidental costs, such as meals, beverages, lodging, rental transportation, and gratuities, are not allowed. Refer back to paragraph 2 (above) for exception.
  - e. Fines and Penalties. Costs resulting from violations of, or failure to comply with federal, state, and local laws and regulations.
  - f. Governor's (or Chief Executive of a Political Subdivision) Expenses . Salaries and related expenses are considered a cost of general state or local government.
  - g. Interest and Other Financial Costs. Interest on borrowings, bond discounts, costs of financing and refinancing operations, and legal and professional fees, paid in connection therewith, except when specifically authorized by federal legislation.
  - h. State Legislature and Similar Local Government Units. Salaries and other expenses such as for county supervisors, city councils, school boards, etc., whether incurred for purposes of legislation or executive direction.
  - i. Under Recovery of Costs Under Grant Agreements. Any excess costs over the federal contribution under one grant is a disallowed transfer cost under other grant agreements.
  - j. Petty Cash Fund. The amount designated to establish a petty cash fund cannot be charged to a grant project. Expenses paid using a petty cash fund are reimbursable if documentation of the expense is complete.

*Reference: [http://www.whitehouse.gov/omb/circulars/a087/a87\\_2004.html](http://www.whitehouse.gov/omb/circulars/a087/a87_2004.html)*

## INTERNAL PAYMENTS (PAYMENTS FROM FEDERAL FUNDS TO SELF)

- 5. When internal transfers occur, such as rent, office supplies, services, salaries and related payroll expenses, it is important that the expenses be completely documented and justified.

## OTHER

- 6. Any "unusual" expense must be fully documented and explained. For example, some types of psychological tests are valid project costs, but only under certain conditions and programs. The recipient must determine what is unusual, and be able to justify the cost as a legitimate expenditure against the grant to which it is obligated/dispensed.

## ***PROGRAM INCOME***

### GENERAL

1. This chapter sets forth certain federal requirements related to accounting for program income and other income related to projects and programs, financed in whole or in part with federal funds.
2. Except as otherwise stated herein, program income resulting from a federally funded project must be:
  - a. used to further the project objectives; and
  - b. deducted from project costs to determine the net amount on which the federal share will be based; and
  - c. clearly documented in the accounting records to show receipt and disposition of this income.
3. Program income represents earnings by the recipient, realized from the federally supported activities, derived from the grant, during the grant period. "During the grant period" is the time between the effective date of the award and the ending date of the award, reflected in the final financial report. Such earnings may include, but are not limited to, income from service fees, sale of commodities, usage or rental fees, sale of assets purchased with grant funds, and royalties on patents and copyrights.
4. Interest income is excluded in the definition of program income.
5. Interest earned on federal funds must be reported.
6. Recipients other than states must remit interest earned.

*Reference: 34 CFR Subpart C; 34 CFR 80.25.*

### SALE OF REAL AND PERSONAL PROPERTY

7. In all cases, prior to the sale of property, the SEA must be notified by the recipient that they have no need of the property, and wish to dispose of it. The recipient must follow instructions issued by the SEA.
8. The following three conditions prevail and generally determine how the proceeds from a sale of this nature will be dealt with:
  - a. If the acquisition cost of the property to be sold is less than \$5,000 per unit, and has been used four (4) years or more, the recipient may retain the proceeds.
  - b. If the acquisition cost of the property to be sold is \$5,000 or more per unit the recipient must request in writing disposition instructions from the SEA. The SEA should issue disposition instructions within 120 days and the following shall govern:
    - (1) If instructions are issued by the SEA, the instructions will direct the grant recipient as to the disposition of the property. These instructions will contain financial provisions that apply to disposition of the property.
    - (2) If no instructions are received from the SEA within the 120-day period, the recipient may sell the property and return to the SEA the percent of the federal participation in the project, multiplied by the proceeds. The recipient may retain an additional \$500 or 10% of the proceeds received, whichever is less.

*Reference: 34 CFR 80.32*

## COPYRIGHTS

9. The Federal awarding agency reserves a royalty-free, nonexclusive, and irrevocable license to reproduce, publish or otherwise use, and to authorize others to use, for Federal Government purposes:

(a) The copyright in any work developed under a grant, subgrant, or contract under a grant or subgrant; and

(b) Any rights of copyright to which a grantee, subgrantee or a contractor purchases ownership with grant support.

*Reference: 34 CFR 80.34*

## ROYALTIES

10. Income from royalties and license fees for copyrighted material, patents, and inventions developed by a grantee or subgrantee is program income only if the revenues are specifically identified in the grant agreement or Federal agency regulations as program income. (See Sec. 80.34.)

*Reference: 34 CFR 80.25 (e)*

## INTEREST

11. Advances of Federal funds shall be deposited and maintained in insured accounts whenever possible. Recipients shall maintain advances of Federal funds in interest bearing accounts, unless--

(a) The recipient receives less than \$120,000 in Federal awards per year;

(b) The best reasonably available interest bearing account would not be expected to earn interest in excess of \$250 per year on Federal cash balances; or

(c) The depository would require an average or minimum balance so high that it would not be feasible within the expected Federal and non-Federal cash resources.

(d) Interest amounts up to \$250.00 per year may be retained by the recipient for administrative expense.

(e) Grantees and subgrantees shall disburse repayments to (and interest earned on) a revolving fund before requesting additional cash payments for the same activity.

*Reference: 34 CFR 74.22 (k) & 34 CFR 80.22 (f)*

## ***PROPERTY REQUIREMENTS***

### INTRODUCTION

1. This chapter prescribes policies and procedures governing the title, use and disposition of real and tangible personal property, purchased in whole or in part with federal funds.
2. Recipients may follow their own property management policies and procedures, provided they observe the requirements of this chapter.

### DEFINITIONS

3. As used in this chapter: "Acquisition cost" of non-expendable personal property acquired by purchase means the net invoice price of the property, including any attachments and accessories to make the property usable for the purpose for which it was acquired. Auxiliary charges, such as taxes, freight, or installation shall be included in, or excluded from, acquisition cost in accordance with the recipient's regular accounting practices.
4. Equipment means tangible personal property having an acquisition cost of \$250 or more per unit, and a useful life of more than one year.
5. Real Property means land, land improvements, structures and accessories thereto, excluding impermanent machinery and equipment.

*Reference: 34 CFR 80.30 through 80.37.*

### REQUIREMENTS RELATING TO EQUIPMENT

6. a. Individual property records must be accurately maintained and contain the following:
  - (1) Local identification number; and
  - (2) A description of the property,
  - (3) Manufacturer's serial number or other identification number,
  - (4) Acquisition date and cost.
  - (5) Federal project title and project number,
  - (6) Vendor name.
  - (7) Percentage of federal funds used in the purchase of the property,
  - (8) Location, use, and condition of the property and date information was reported; and
  - (9) Ultimate disposition data, including the sale price or the method used to determine current fair market value.
- b. A physical inventory of property must be taken, and results reconciled with the property records annually to verify the existence, current utilization, and continued need for the property. This physical inventory must be documented, dated, and identified to the person conducting the inventory. Differences shall be investigated and documented to show cause.
- c. Adequate maintenance procedures shall be implemented to keep the property in good condition.
- d. A control system shall be in effect to insure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft shall be investigated and fully documented. The recipient must replace or repair property that is lost, damaged, or destroyed due to negligence of the recipient, with funds other than federal funds.

e. Proper sales procedures shall be established for unneeded property, which will provide for competition to the extent practicable and result in the highest possible return. Note: Chapter 14 contains further information pertaining to this requirement.

f. Equipment must normally be used in the project for which it was acquired. If other use is made of the equipment, written approval must be obtained from the SEA.

*Reference: 34 CFR 80.32*

## REAL PROPERTY

7. Title to real property, borne completely or in part by federal funds, shall vest with the recipient upon acquisition, subject to certain requirements.

8. The recipient must use the property for the purposes authorized by the original grant. When no longer needed for its original purposes, the SEA may authorize the property to be used for other activities sponsored by federal awards, or that are consistent with purposes of the original federal legislation. When the property no longer falls under the intent of this paragraph, the grantee or subgrantee will request disposition instructions from the SEA. Any appropriate compensation will be returned directly to the federal government.

*Reference: 34 CFR 80.31*

## SUPPLIES

9. Title to supplies acquired under a grant or subgrant will vest, upon acquisition, in the grantee or subgrantee respectively.

If there is a residual inventory of unused supplies exceeding \$5000.00 in total aggregate (the sum total of all supplies purchased) fair market value upon termination or completion of the award, and if the supplies are not needed for any other federally sponsored program or projects, the grantee or subgrantee shall compensate the SEA for its share.

*Reference: 34 CFR 80.33*

INTANGIBLE PERSONAL PROPERTY (that which has no intrinsic value, such as copyrights, royalties, patents, or personal service contracts.)

10. When there is a possibility that a project could generate an inventory, patent or copyright, the SEA must be notified so that appropriate agreements between the recipient and SEA are drawn up and approved.

*Reference: 34 CFR 80.34*

## ***PROCUREMENT STANDARDS***

### GENERAL

1. This chapter provides standards for states and local government agencies regarding the use of federal funds for procurement purposes. These standards are to insure that effective purchasing procedures, provisions of applicable federal law, and executive orders are followed.

*Reference: 34 CFR 80.36*

### CODE OF CONDUCT

2. A code of conduct must be established that forbids recipient's officers, employees, or agents, to solicit or accept gratuities, favors, or anything of monetary value from contractors or potential contractors.

3. Violations of this code of conduct shall provide for appropriate penalties or disciplinary actions to the extent permissible under state or local law, rules, or regulations. An example of the types of subjects included in a code of conduct are integrity, honesty, rights and responsibilities, standards, practices, principles, and beliefs.

*Reference: 34 CFR 80.36 (b), (3).*

### DEBARMENT AND SUSPENSION

4. All recipients of federal funds must comply with the nonprocurement debarment and suspension common rule (implemented by the U.S. Department of Education in 34 CFR part 85). This common rule restricts subawards and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities. The website to reference for that information is as follows: *www.ep/s.gov/*

*Reference: 34 CFR 74.13*

### COMPETITION

5. All procurement transactions, whether negotiated or advertised, and without regard to dollar value, shall be conducted in a manner that will provide maximum open and free competition.

*Reference: 34 CFR 80.36*

6. Local procurement policies may be followed, provided they adhere to the minimum standards set forth herein. These standards in no way relieve the recipient of the responsibilities arising under its contracts, or other procurement actions. Matters that violate law are to be referred to such local, state, or federal authority, as may have proper jurisdiction. The verbiage below is contained in the U.S. Department of Education General Administrative Regulations (EDGAR).

(a) States. When procuring property and services under a grant, the SEA (or local government agency) will follow the same policies and procedures it uses for procurements from its non-Federal funds. The SEA (or local government agency) will ensure that every purchase order or other contract includes any clauses required by Federal statutes, and executive orders and their implementing regulations. Other grantees and subgrantees will follow paragraphs (b) 1-6 in this section.

(b) Procurement standards.

(1) Grantees and subgrantees will use their own procurement procedures, which reflect applicable state and local laws and regulations, if the procurements conform to applicable Federal law and the standards identified in this section.

(2) Grantees and subgrantees will maintain a contract administration system, which ensures that contractors perform in accordance with the terms, conditions, and specifications of their contracts, or purchase orders.

(3.) Grantees and subgrantees will maintain a written code of standards of conduct governing the performance of their employees engaged in the award and administration of contracts. No employee, officer or agent of the grantee or subgrantee shall participate in the selection, or in the award, or administration of a contract supported by Federal funds, if a conflict of interest, real or apparent, would be involved. Such a conflict would arise when: (i) the employee, officer or agent, (ii) any member of his/her immediate family, (iii) his/her partner; or (iv) an organization that employs, or is about to employ any of the above, (i-iii) or one who has a financial or other interest in the firm selected for an award. Officers, employees or agents will neither solicit nor accept gratuities, favors or anything of monetary value from contractors, potential contractors, or parties to subagreements. Grantee and subgrantees may set minimum rules where the financial interest is not substantial or the gift is an unsolicited item of nominal intrinsic value. To the extent permitted by state or local law or regulations, such standards of conduct will provide for penalties, sanctions, or other disciplinary actions for violations of such standards by the grantees and subgrantee's officers, employees, or agents, or by contractors or their agents. The awarding agency, following their established regulations, provides additional prohibitions relative to real, apparent, or potential conflicts of interest.

(4) Grantee and subgrantee procedures will provide for a review of proposed procurements, to avoid purchase of unnecessary or duplicative items. Consideration should be given to consolidating, or breaking out, procurements to obtain a more economical purchase. Where appropriate, an analysis will be made of lease versus purchase alternatives, and any other appropriate analysis, to determine the most economical approach.

(5) To foster greater economy and efficiency, grantees and subgrantees are encouraged to enter into State and local intergovernmental agreements for procurement, or use of common goods and services.

(6) Grantees and subgrantees are encouraged to use Federal excess and surplus property resources in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs.

*Reference: 34 CFR 80.36*

Further information regarding this subject and more, is available from the U.S. Department of Education website, as well as the website for the State of N.H. Division of Purchase and Property, and the N.H. Surplus website as listed below:

<http://www.ed.gov/policy/fund/reg/edgarReg/edgar.html>

<http://admin.state.nh.us/purchasing/vendorresources.asp>

<http://admin.state.nh.us/purchasing/Surplus.asp>

Note: For specific rules related to state purchasing guidelines, please look at the following website under Attachment A:

<http://sunspot.admin.state.nh.us/finance/documents/Financial/DAS%20Administrative%20Handbook%20rev%20Jan2006.pdf>

## PROCEDURAL REQUIREMENTS

7. The recipient shall establish procurement procedures that provide for the following, as a minimum:
  - a. Proposed procurement actions shall be reviewed by appropriate officials to avoid purchasing unnecessary or duplicate items. As appropriate, an analysis shall be made of lease and purchase alternatives to determine which would be the most economical, practical procurement.
  - b. Invitations for bids or requests for proposals shall be based on a clear and accurate description of the technical requirements of the proposed purchase. Such description shall not be unduly restrictive. "Brand name or equal" may be used to define requirements. When so used, the specific features that must be met should be clearly specified.
  - c. Whenever possible, contracts should occur between small and minority firms, women's business enterprise and firms from labor surplus areas. These types of businesses should be placed on solicitation lists and contacted whenever they constitute a potential business source.
  - d. The type of procurement instruments used (i.e., fixed or cost reimbursable contracts, purchase orders, incentive contracts, etc.) shall be appropriate to the procurement. The "cost-plus-a-percentage-of-cost" method of contracting shall not be used.
  - e. Formal advertising with sealed bids and public offerings shall be used, unless negotiated procurements are necessary. Procurements of \$2,500 or less need not be advertised unless otherwise required by state law or regulation. When formal advertising is employed, the award shall be made to the responsible bidder whose bid is responsive to the invitation and is most advantageous. Invitations for bids shall clearly set forth all requirements, which the bidder must fulfill in order for the bid to be evaluated.

Any or all bids may be rejected when it is in the recipient's interest to do so, and such rejections are in accordance with applicable state or local law, rules, and regulations.

  - f. Contracts shall be made only with responsible contractors who possess the potential ability to perform successfully under the terms and conditions of a proposed procurement.
  - g. The grant may require prior SEA approval of: (1) any proposed sole source contract and/or (2) any contract which a recipient plans to award after seeking competition, but receiving only one bid or proposal if the aggregate expenditure is expected to exceed \$5,000.
  - h. Recipients shall investigate price or cost analysis for every negotiated procurement action.

*Reference: 34 CFR 80.36*

## NEGOTIATED PROCUREMENTS

8. Procurements may be negotiated if it is not practical to use formal advertising. Generally, negotiation may be used if one or more of the following conditions exist:
  - a. A public emergency requiring immediate attention will not allow for a delay caused by advertising,
  - b. The material or service is available from only one source. All contemplated sole source procurements where the aggregate, or total expenditure is expected to exceed \$5,000 shall be referred to the SEA for prior approval,

- c. The aggregate amount does not exceed \$2,500, or for governmental recipients \$10,000,
  - d. The contract is for personal professional services, or any service to be rendered by a university, college, or other educational institution,
  - e. No acceptable bids have been received after formal advertising,
  - f. The purchases are for highly perishable materials or medical supplies, for material or services where the prices are established by law, for technical items or equipment requiring standardization and inter-changeability of parts with existing equipment, for experimental, developmental or research work, for supplies purchased for authorized resale, and for technical or specialized supplies requiring substantial initial investment for manufacture,
  - g. Negotiation is otherwise authorized by applicable federal, state, or local law, rules or regulations.
9. Notwithstanding the existence of circumstances justifying negotiation, competition shall be obtained to the maximum extent deemed practical.

*Reference: 34 CFR 80.36 (4), (i), (A), (B), (C), (D).*

#### CONTRACT ADMINISTRATION SYSTEM

10. A system for contract administration shall be maintained that will assure contractor compliance with terms, conditions, etc., of the contract or order and that will assure adequate and timely follow up of all purchases and services.

#### CONTRACT PROVISIONS

11. Contracts and provisions must be made that define a sound and complete agreement.
12. Provision must be made that will allow for administrative, contractual, or legal remedies in instances of violation, and provide for such sanctions and penalties as are appropriate.
13. Contracts awarded in excess of \$10,000 for government agencies shall contain suitable provisions for termination, including the manner by which it may be affected, and the basis for settlement. Such contracts shall state the conditions under which the contract may be terminated for default, as well as circumstances beyond the control of the contractor.

*Reference: 34 CFR 80.36 (i).*

14. Contracts exceeding \$100,000 must contain appropriate bonding requirements.

*Reference: 34 CFR 80.36 (h).*

15. All negotiated contracts shall require retention of contractor's records and a statement that they are subject to audit. Contracts will provide for access to records in accordance with 34 CFR 80.36 (i), (10).

16. Contracts for construction, repair, those subject to the Contract Work Hours and Safety Standards Act, those that may rise to inventions/patents, and certain contracts that come under pollution legislation, must be discussed with the SEA, as specific requirements may need to be met.

*Reference: 34 CFR 80.36 (i), (6).*

#### RECORDS FOR NEGOTIATED PROCUREMENTS

17. Recipients must maintain pertinent records for negotiated purchases in amounts in excess of \$2,500, or \$10,000 for government agencies. These record files shall include the following: justification for the use of negotiation in lieu of advertising, contractor selection, and the basis for the cost or price negotiated.

*Reference: 34 CFR 80.36 (4), (i), (A), (B), (C), (D), (ii).*

### ***RECORD RETENTION***

1. Each grant recipient shall keep intact and accessible all records relating to the receipt and expenditure of federal funds, including work papers to support the project application or proposal, property records, the application or proposal itself, and all related information.
2. The minimum retention period is three (3) years from date of final acceptance, and final resolution of any audit by the Commissioner of Education at the SEA.
3. Acceptance of the audit is not authority for disposal of records if the three (3) year period has not elapsed.
4. All documentation (payroll time sheets, manifests, etc.) maintained in other than federal funds files must be retained for the same length of time as federal files, as noted above.
5. Records that have been audited, or are under audit, and have unresolved questions shall in no instance be retired or otherwise disposed of.
6. The retention period for equipment records begins from the date of equipment disposition, replacement, or transfer at the direction of the SEA.

*Reference: 34 CFR 80.42 (i), (11 – 13).*

For additional information regarding the rules for record retention:

For local school districts, please see site below according to N.H. RSA 189:29a. These rules would be for those records **unrelated** to federal funds.

<http://www.gencourt.state.nh.us/RSA/html/XV/189/189-29-a.htm>

For towns and municipalities the guidelines are located at the N.H. Archival Website as follows:

<http://www.gencourt.state.nh.us/rsa/html/III/33-A/33-A-mrg.htm>

**AUDITS OF FEDERAL FINANCIAL ASSISTANCE PROGRAMS  
AND THE SINGLE AUDIT CONCEPT**

INTRODUCTION

1. Federal regulations have always established and required certain standards for the audit of federal programs. The standards and requirements have been intensified, and this chapter is designed to clarify the procedures involved for compliance with federal, state and other requirements.

*Reference: 34 CFR 80.26*

DEFINITIONS

2. Cognizant Agency - the federal agency assigned the responsibility for implementing the requirements of this chapter, with respect to a particular state or local government.

3. SEA as a Cognizant Agency - the state or local government that passes funds through to a subrecipient shall review the audit submitted by the subrecipient. It is the responsibility of the government passing the funds to the subrecipient to review the completed single audit, and to ensure that any corrective action required has been taken.

4. Federal Financial Assistance - assistance provided by a federal agency directly or through a state agency, in the form of grants, contracts, loans, loan guarantees, property, cooperative agreements, interest subsidies, insurance, or direct appropriations.

5. Local Government - any unit of local government within a state, including a county, borough, municipality, city, town, township, parish, local public authority, special district, school district, intrastate district, council of governments, or other instrument of local government.

6. Independent Auditor - an external state or local government auditor who meets the independence standards included in generally accepted government auditing standards, or a public accountant who meets the independence standards.

7. Public Accountants - individuals who meet the qualification standards included in generally accepted government auditing standards for personnel performing government audits. "... Only certified public accountants or public accountants licensed before December 31, 1970 or persons working for a CPA firm...."

*Reference: <http://www.whitehouse.gov/omb/circulars/a133/a133.pdf> and  
<http://www.gao.gov/>*

AUDIT LIMITS AND FUNDING LEVELS

8. a. Less than \$500,000 per annum expended in Federal Award funds,  
An annual audit by a Certified Public Accountant is not required, but this does not exempt a state or local government from compliance with any provision of a federal statute, or regulation that requires such government to maintain records concerning federal financial assistance provided to such government.

b. Records must be available for review or audit by appropriate officials of the Federal agency, pass-through entity (SEA), and the General Accounting Office.

c. SEA personnel on a regular basis will perform program reviews and technical accounting inspections.

9. For \$500,000 per annum expended in Federal Award funds, a single audit is required, and made for such fiscal year in accordance with the requirements of the Single Audit Act of 1984 P.L. 98-502, and the Single Audit Act Amendments of 1996, P.L.104-156. It sets forth standards for obtaining consistency and uniformity among Federal agencies for the audit of states, local governments, and non-profit organizations expending Federal awards.

#### AUDIT REQUIREMENTS

10. The single audit concept for state and local governments is outlined in federal government publication titled OMB Circular A-133 listed below.

#### AUDIT FEES

11. Audit fees expensed to a project cannot exceed the pro rata cost of the audit. Example: \$10,000 federal project and \$100,000 total budget from all sources. One-tenth of the audit cost can be charged to the \$10,000 federal project.

#### AUDITEE RESPONSIBILITIES

12. The following information outlines the basic responsibilities of those entities accepting Federal Funds.

The auditee shall:

(a) Identify, in its accounts, all Federal awards received and expended, and the Federal programs under which they were received. Federal program and award identification shall include, as applicable, the Catalog of Federal Domestic Assistance (CFDA) title and number, project number and year, name of the Federal agency, and name of the pass-through entity.

(b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

(c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

(d) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with §\_\_\_\_.310.

(e) Ensure that the audits required by this part are properly performed and submitted when due. When extensions to the report submission due date required by §\_\_\_\_.320(a) are granted by the cognizant or oversight agency for audit, promptly notify the Federal clearinghouse designated by the OMB and each pass-through entity providing Federal awards of the extension.

(f) Follow up and take corrective action on audit findings, including preparation of a summary schedule of prior audit findings and a corrective action plan in accordance with §\_\_\_\_.315(b) and §\_\_\_\_.315(c), respectively.

*Reference: <http://www.whitehouse.gov/omb/circulars/a133/a133.html#b>*

## INTERNAL CONTROLS

13. Internal controls aid in the assurance that accountability and control of cash, inventory, real and personal property, disbursements, purchases, and financial records present both an effective, and efficient accounting operation.

## CORRECTIVE ACTION PLAN

14. At the completion of the audit, the auditee shall prepare a corrective action plan to address each audit finding, or concern included in the current year auditor's reports. The corrective action plan shall provide the name(s) of the contact person(s) responsible for corrective action, the corrective action planned, and the anticipated completion date. If the auditee does not agree with the audit findings or believes corrective action is not required, then the corrective action plan shall include an explanation and specific reasons.

This information and more is contained in the following website, which reflects the requirements of the A-133 circular, Subpart C.

*Reference:* <http://www.whitehouse.gov/omb/circulars/a133/a133.pdf>

## TIME FRAME FOR SEA REVIEW AND ACCEPTANCE OF AUDIT

15. The audit report and the data collection form...." shall be submitted to the SEA within the earlier of thirty (30) days after receipt of the auditor's report(s) or nine (9) months after the end of the audit period, unless a longer period is agreed to in advance, by the cognizant or oversight agency for the audit."

*Reference:* <http://www.whitehouse.gov/omb/circulars/a133/a133.pdf>

## POST AUDIT REVIEW ACTION BY THE SEA

16. Upon receipt of each independent audit, the SEA Internal Audit Office will review all correspondence for compliance with Federal standards. The completed audit review will be presented to the N.H. Commissioner of Education, and a supplementary report issued to the SAU Superintendent, or other appropriate official. The report will contain information regarding the completed audit, and further instructions in the event that a corrective action plan is to be completed, and has not been received. A response to each recommendation is required. The following must be stated:

- a. concurrence with the findings and a statement regarding implementation of the recommendations, or
- b. disagreement and identification of the areas of contention. Please state the conditions as seen, and a corrective action which has been or will be implemented. The Commissioner's letter may include other information.

17. Upon receipt of a Corrective Action Plan, the Commissioner will advise the appropriate official by letter within twenty (20) days if action taken is satisfactory after the follow-up review.

Two conditions can exist at that time:

- a. The written response regarding the audit review and action taken fulfill the audit recommendations. The appropriate official will be advised by letter and the audit review is closed.
- b. The response does not satisfy the recommendations, and the following will occur:

1. The Commissioner will inform the appropriate official by letter that the recommendations and/or objectives have not been met. A response is required by the subrecipient within thirty (30) days.
2. If the response and follow-up review are acceptable, the audit will be finalized.
3. Should deficiencies still exist, the appropriate official will be so advised and the following will occur:
  - (a) The disputed finding may be appealed to the U.S. Secretary of Education. The appeal must be submitted to the SEA Commissioner's office within twenty (20) days of notification.
  - (b) The appeal and related data will be forwarded to the U.S. Secretary of Education within twenty (20) days of receipt by the office of the SEA Commissioner.

*Reference: OMB A-133*

## ***MONITORING AND REPORTING OF PROGRAM PERFORMANCE***

### GENERAL

1. This chapter sets forth procedures for monitoring and reporting program performance of recipients. These procedures place primary reliance and responsibility on recipients. Recipients must monitor the performance of grant and subgrant-supported activities. They must review each program, function, or activity to assure adequate progress is being made toward goals of the grant or subgrant.

### PERFORMANCE REPORTS

#### 2. Non-construction Grants.

a. The granting agency will require a narrative performance report annually or upon expiration or termination of grant support. The report will be due as established by the granting agency.

b. The granting agency shall establish report content. The report content at a minimum must: compare accomplishments to goals, show reasons for slippage, and other pertinent data. It is encouraged that the report content be as brief as is reasonably possible.

#### 3. Construction Grants.

a. On-site technical inspection and certified percentage-of-completion is generally used for this type of grant.

b. Other reports will be required only if considered necessary by the awarding party and in no case more frequently than quarterly.

4. Unusual Developments. When problems, delays, or adverse conditions develop that will materially affect the grant, the recipient will immediately notify the SEA. This notification shall be accompanied by a statement of the action taken, contemplated, and assistance needed to resolve the situation. Likewise, when favorable developments occur the SEA will be notified.

5. State agency's responsibilities are enumerated in 34 CFR 76.770 -772. Inspections or monitoring visits that disclose problems related to project's financial administration will be reported to the SEA Internal Audit Office.

*Reference: 34 CFR 76.720 - 22; 76.730 - 34; 770 – 772; 80.40 (b)*

***PROCEDURES TO REQUEST AUTHORITY TO DEVIATE FROM STANDARD PROCEDURES***

GENERAL

1. This manual is a small part of an overall integrated plan for financial management of federal program funds received by the SEA. Preparation of project applications and/or proposals with accompanying estimates takes place at the Local Education Agency (LEA) or other agencies. Project approval and the authorization of funds and federal cash takes place at the SEA. The LEA must take action to implement the approved project, maintain administrative and financial control over the use of federal funds received, legally account for those funds, and report on the use of the funds to the SEA. In turn, the SEA must also exert administrative and financial control over the use of federal funds received, legally account for the funds, and report on the use of the funds to the U. S. Department of Education.
2. The SEA is responsible for taking effective action to assist LEA recipients in meeting the commitments they make in order to obtain federal funds. The SEA is continuing to provide essential help, through the implementation of this updated manual, by carrying out a commitment it has made to the federal government to prescribe the accounting and auditing functions that the State will follow to account for certain funds received from the federal government.
3. These procedures are designed to provide an acceptable accounting and control standard over federal cash and obligation authority at the project level while attempting to minimize the accounting workload. It is designed as a management tool to meet federal audit requirements. Federally funded projects and programs of both the SEA and recipients are subject to audit by the U.S. Department of Education and Government Accounting Office.
4. The accounting system prescribed herein consists of many elements that are interrelated and cannot stand-alone. The ledger identifies and brings together in summary form the result of all processed accounting transactions. The individual record of each transaction (purchase order, manifest, invoice, etc.) posted to the ledger is a vital document which must remain readily available at all times to support accounting records and for audit purposes. Accounting control is obtained, not by forms and files alone, but in conjunction with clearly defined procedures and formal assignment of responsibility and authority for initiating and completing financial transactions. This is an integrated system of interrelated records and procedures and any changes must be judiciously considered and well justified.
5. The following listed items are required and there will be no authorization to deviate from them:
  - a. A separate accounting record must be maintained on an obligation basis by individual project number.
  - b. Each posting to a ledger must be based on a legal document and that document identified on the line posted.
  - c. Each payment must be made on a properly approved manifest, and the payment supported by proper substantiating documents, such as orders, invoices, and receiving reports.
  - d. The Project Number must be shown on all obligating and payment documents as well as all ledger pages and files which are maintained for the project.
6. The following information must be contained in the letter and supporting enclosures:
  - a. An extract copy of the words phrases, sentences or paragraphs (citing the manual's page number) for which authority to deviate is being requested.
  - b. A statement of the problems or questions raised in connection with the quoted portions of the manual.

c. A statement of what is proposed, along with documentation and illustration to the extent necessary.

d. A statement of proposed changes must be justified. The statement that a particular item represents "duplication" or that making an extra copy of a document or an extra line of posting is extra work is not an adequate justification for deviation or change. The federal government requires a proper accounting of federal funds and the system prescribed provides for that largely by the use of duplicate copies of certain documents separately filed. If additional work is the reason for the requested change, the extra work must be fully documented. Detailed information should be presented to show:

(1) By document type and/or lines of posting, how many documents were processed during the prior year (with reference only to federally funded projects) and how many person-hours were used to do the work.

(2) An estimate of comparable data for the present year. Explain any large differences in the number of documents or other items of workload.

(3) The SEA is concerned with isolating an increased workload, if one exists, which results from the prescribed procedures. Increased workload resulting from the requirement to perform obligation accounting or due to larger projects is not a valid consideration or justification for deviation from prescribed procedures.

(4) In any instance where increased workload is presented as a justification, a statement must be included which deals with the following items:

(a) For the preceding year, were year-end expenditure reports (the OBM Form 3 Project Status Report(s) submitted to the SEA on time? If not, show dates on which the reports were submitted.

(b) State how many hours (over and above) were required (whether paid or unpaid) to close the accounts for federal funds and prepare the expenditure reports submitted.

7. While authority to deviate from the manual must be limited to bona fide situations, all recipients are encouraged to submit suggestions for improving the system.

#### REQUESTS TO USE COMPUTERIZED ACCOUNTING SYSTEMS.

8. Recipients using computerized accounting systems to maintain federal funds accounting records are in violation of current procedures unless SEA approval has been granted. Where SEA approval has not been granted, you are encouraged to submit a request to deviate in accordance with procedures contained herein.

9. The following information should be contained in the letter and supporting enclosures:

a. A description of the type of equipment being used.

b. A sample copy of the ledger or other forms in use.

c. The ledger or forms should be annotated to show the proposed ledger format. Each column should be numbered and identified by a descriptive column heading. In addition, examples of the exact ledger entries, which would be required by the following transactions, should be entered in the appropriate columns of the proposed format:

(1) Project Approval - receipt of fund authority;

(2) Receipt of Federal Cash;

(3) An Obligation - Purchase Order;

(4) A Payment - Vendor Manifest, and

(5) A Payment and Obligation - Payroll Manifest.

d. A copy of the authorized federal funds ledger should be included; and as enclosure columns 2 through 10 should be cross-referenced to the appropriate columns in the proposed ledger format. In the event information in one or more of the federal funds ledger columns is not provided for in the proposed ledger format, a detailed explanation should be given as to how the requirement will be met.

Requests must be in letter form signed by the Superintendent of Schools or Chief Financial Officer and addressed to:

N.H. Department of Education  
Business Administrator  
Office of Business Management  
Hugh Gallen State Office Park South  
101 Pleasant Street  
Concord, New Hampshire 03301-3860

## **Internal Control Activities Guidelines**

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### **Cash Receipts**

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There should be current written policies and procedures regarding the collections, recording, safeguarding, and depositing of all cash receipts. All personnel handling cash should be trained in these procedures.

Incoming cash must be made a matter of record as soon as possible.

Two persons should open the mail whenever cash or checks are routinely part of the daily delivery. Remittances by mail are listed in duplicate at the time the mail is opened. A person other than the one opening the mail prepares the listing. One copy of the listing is forwarded to the cashier with the receipts. The other copy forms the basis for accounting controls through ledger posting. A third person periodically compares the listing with the deposit.

Amounts of currency contained in each item of mail are verified. Documents enclosed with the currency received are machine date stamped or dated and initialed by the employee opening the mail.

A secure area is necessary for the safeguarding and processing of cash received. Access to the secured area is restricted to authorized personnel only. The secured area is locked when not occupied.

Cash is protected by the use of registers, safes, or locks, and kept in areas of limited access.

Collections made over the counter or in the field are documented by the issuance of sequentially pre-numbered official receipts, or through cash registers or automated cashiering systems. All such receipts are to be strictly accounted for and the explanation for any missing documents determined and justified. Blank form receipts must not be used. Receipts indicate mode of payment, such as cash, check, etc. The total dollar amount recorded on cash receipt forms by mode of payment is balanced daily to total cash, checks, etc. collected.

The cash receiving function of an agency is centralized to the extent possible.

Cash received in remote locations, i.e. schools is to be transmitted to the central office through the banking system. Branch office personnel are restricted to making cash deposits, and central office personnel

make any cash withdrawals and reconcile bank accounts.

A balance and summary of all cash receipts is prepared daily. Any shortages or overages are carefully investigated and, to the extent possible, corrected.

Receipts are deposited intact on a daily basis. In the handling of cash and making of deposits, security procedures that will best safeguard the cash asset are to be followed.

Authenticated, duplicate deposit slips are retained and compared with amounts recorded in cash receipts records.

A person other than the cashier or receivable bookkeeper makes the bank deposit.

Monies are picked up or delivered to appropriate authorities on a scheduled basis.

Adequate records are maintained to assure the correct handling and final disposition of items held in suspense. Suspense accounting is eliminated whenever possible by the direct deposit of the item to the correct fund and account. Deposits are not to be delayed because the account distribution cannot be immediately determined.

Cash receipts retained on the premises overnight are minimized and locked up in a secure place, such as a safe.

Cashiers are prohibited from cashing personal checks or notes of personal indebtedness.

Segregation of duties in the handling of cash is one of the most effective ways to gain control over this asset. No individual is to have complete control in the handling of cash. Specifically, no one individual's duties should include the actual handling of money, recording receipt of money, and the reconciliation of bank accounts or with the state treasurer. Employees handling cash are to be assigned duties that are complementary to or checked by another employee.

## Petty Cash

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Petty cash accounts, other than charge accounts, are to be established and maintained as bank checking accounts whenever possible. Only minimal amounts of petty cash are kept on hand.

Responsibility for a petty cash account is vested in only one person.

Original (no photocopies) receipts or vouchers bearing the signature of the payee support all disbursements from petty cash accounts.

Petty cash checking accounts are reconciled monthly by a person other than the custodian of the account.

A person other than the custodian of the account makes periodic unscheduled counts of petty cash.

### **If a postage meter is used:**

- The postage meter book is properly completed and maintained.
- Purchases of postage are made only by check.
- Purchases of postage credited to a meter are regularly confirmed with the Post Office.
- Purchases of postage are compared periodically with usage.

If a postage meter is not used, proper control is to be exercised over postage stamps.

## **Disbursements - General**

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The responsibility for disbursement procedures is clearly documented and assigned to specific personnel of the agency.

Disbursements are handled in such a manner as to ensure that the proper funds and accounts are charged; that the disbursement is used only for authorized purposes; and that laws, rules, and regulations governing the disbursement are followed.

Controls are established to assure that all payments are made on a timely basis and in accordance with all purchase orders and contracts.

Controls are established to ensure that duplicate payments are not made.

Original invoices (or authorized facsimiles) totaling the amount of the disbursement are to be attached to each voucher before payment.

Employee duties in the handling of disbursements are separated to the extent possible with regard to:

- The initiation of purchase requisitions and field orders.
- The approval of vouchers, invoices, and warrant registers.
- The preparation of warrants/checks.
- The mailing of warrants/checks.
- The recording of disbursements.

Each cash disbursement is properly vouched and approved by the appropriate authorities of the agency before the actual disbursement occurs. This will ensure the proper and regular review of all disbursements.

To the extent possible, employee duties in this area are to be complementary to or checked by another employee.

Disbursements are to be made by warrant/check or journal voucher. Where payments are made by check, counter signatures provide an additional control.

Blank warrants/checks are to be kept in locked storage under the control of a designated, responsible employee. Access to blank warrants/checks is limited to this employee and a designated alternate.

When blank warrants/checks are received, the date, quantity, and inclusive serial numbers are recorded and added to the total number of blank warrants/checks currently on hand.

When warrants/checks are required from the locked storage, the individual requesting the warrants/checks completes a requisition form. The custodian of the warrants/checks records the date, quantity issued, inclusive serial numbers, and the new balance of blank warrants/checks on hand on the control form.

A separate record is maintained for each warrant/check series issued or voided. The record for voided warrants is to include the date voided, inclusive serial numbers (if more than one warrant in a series is voided), quantity voided, reason for voiding, and initials of individual taking action.

The custodian and a responsible supervisor perform a physical inventory of the entire stock of blank warrants/checks on a monthly basis. The quantity and inclusive serial numbers of all warrants/checks on hand at the beginning of the period, and receipts, issues, voids, and warrants/checks on hand at the end of the period are recorded on an appropriate form. Separate forms are completed for each warrant/check series, and furnished to a designated supervisor by the warrant custodian. If the physical inventory agrees with the book inventory, certification of this fact, signed by the custodian and supervisor who assisted in the taking of the physical inventory, will accompany the forms. Any variance between the book or computed quantity of blank warrants/checks and the actual quantity determined by the physical inventory is to be reported to the designated supervisor immediately.

## Disbursements - Travel

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Written procedures are to be established consistent with the State Administrative and Accounting Manual listed as follows:

<http://sunspot.admin.state.nh.us/finance/documents/Financial/MOP%20Section%201100%20%20Reimbursement%20for%20Travel,%20Meals,%20Lodging%20Exp.as%20amended%20by%20G%20&%20C%2011-16-06.doc>

Formally adopted, written internal policies and procedures are established to control the utilization of meals, coffee, and light refreshments at meetings and formal training sessions.

Authorization of travel is exercised through use of a Travel Authorization Form (A40), or other equally effective means.

Travel Expense Vouchers are signed by the employee and approved by the agency head or authorized designee.

Travel Expense Vouchers of agency heads are to be signed by the chief financial officer certifying that the reimbursement complies with state travel regulations.

The Agency Fiscal Officer reviews travel Expense Vouchers and supporting documentation of agency heads reporting to the governor.

Travel Expense Vouchers and supporting documentation of agency heads not reporting to the governor are submitted for review to the appropriate appointing authority.

Written procedures are established for authorization and payment of official transportation by common carrier.

Air transportation purchases are made in accordance with the Department of General Administration's air travel program; or are made in accordance with the State Administrative and Accounting Manual.

Reimbursement for non air transportation in greater than tourist class or its equivalent are approved in writing in advance by the agency head or authorized designee.

Prior written approval for travel outside the continental USA, or British Columbia, Canada, by employees of agencies reporting to the Governor is provided by the Office of the Governor.

Prior written approval for travel outside the continental USA, or British

Columbia, Canada, by employees of agencies not reporting to the Governor is provided by the appropriate appointing authority.

Prior to payment, the agency copy of the Transportation Request is matched to the transportation provider's copy, or the customer copy of the credit card receipt (attached to the Travel Expense Voucher) is matched to the monthly statement from the credit card company, whichever is applicable.

Unused credit cards and blank stock of Transportation Request forms are inventoried and kept under lock.

Persons who authorize commercial transportation are not to receive tickets or use the transportation.

The employee responsible for the choice of locations and facilities is to submit justification in writing to the agency head or authorized designee when a convention, conference, or meeting is held at a non state facility and involves attendance of ten or more state employees.

The agency head or designee must approve in writing prior to an individual authorizing any direct billing and direct payment of travel allowances.

## **Disbursements - Local Checking Accounts**

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Bank checks are pre-numbered.

Bank checks are completely filled out before being presented for signature.

Someone maintains physical control of checks other than persons originating disbursement requests.

Spoiled or voided checks are retained and the signature blocks on the checks are removed.

If a check-signing machine is used, the signature plate and use of the check-signing machine is kept under control of the official whose name appears on the signature plate or an authorized designee.

Bills or vouchers are presented with checks for signature.

Bills or vouchers are marked "Paid" only at the time checks are signed.

Someone mails checks other than the person preparing the checks.

Someone approves bills for payment other than the persons who sign checks.

Bank statements are reconciled at least monthly by an employee not involved in cash receipt or disbursement procedures.

## Purchases

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Below is listed the website for the N.H. Department of Purchase and Property. Listed there are the various contracts for goods/services available to non-profit entities connected with the state of N.H.

<http://admin.state.nh.us/purchasing/vendorresources.asp>

Purchase orders are completed and authorized **prior** to the acquisition of any and all goods and services. In addition, pre-numbered purchase and field order forms are used and strictly accounted for by number.

Invoices are matched with purchase orders and receiving reports prior to approval for payment. Invoice computations and pricing are verified before approval for payment.

Invoices are paid in a timely manner so that discounts may be taken.

Monthly statements are compared with accounts payable balances.

Purchases should be made by competitive solicitation, when applicable.

Payable Subsidiary Ledgers are reconciled to the control accounts monthly.

Copies of the order forms are distributed to receiving and accounting departments.

Claims are filed promptly for goods damaged in shipment.

## **Investments and Securities**

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The authority to purchase, exchange, or sell investments and securities is to be clearly defined.

The custody of securities is the responsibility of a person not authorized to purchase, exchange, or sell securities. The securities are kept in a safe deposit box or vault. Access to the securities is to be strictly controlled. No single person is to have complete control of vault combinations or keys. Access to the securities is to require the presence of at least two designated officers.

The accounting department maintains a detailed record of each investment and security. The custodian also maintains a record of securities deposited or withdrawn.

Employees handling and having access to securities are closely supervised or reviewed by other employees.

Periodic checks are made to verify that all income due has been received.

Periodic evaluations of the performance of investment portfolios are to be performed by authorized personnel independent of investment portfolio management activities.

## Receivables

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There should be a segregation of duties with regard to billing, collection, cash receiving, receivables accounting, and the maintenance of general ledger control accounts.

Receivables are made a matter of record promptly upon completion of the acts that entitle the agency to collect the amounts owed. Separate accounts are to be maintained for each major category of receivables in order to ensure clear and full disclosure of the agency's resources in its financial reports. Controls are established so that receivables are reported in the proper funds and accounts.

Records of receivables are strictly guarded. Limited access to records and their physical protection is required.

Control accounts are balanced with the detailed ledgers at least monthly.

The approval of credit adjustments to receivable balances is made by those officials not currently involved in collection activity. The use of pre-numbered credit memorandum forms is desirable.

Receivable accounts are reviewed periodically for credit balances.

There is an independent verification of quantities, prices, and clerical accuracy of billing invoices.

Billings are prompt and statements are issued to all customers on a regular basis.

Receivable accounts are aged at least monthly and reviewed by authorized personnel.

Controls are established to ensure the prompt follow-up of past due receivables.

## Supply and Merchandise Inventories

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Authorized individuals are responsible for receiving and issuing the supplies and merchandise for an agency. These individuals are to be responsible for inspecting all goods received and verify that they conform to specifications. In addition, these persons are responsible for the enforcement of all policies necessary for the internal control of these assets.

Specific central points for receiving and issuing supplies or merchandise are determined. All loading and unloading operations are closely supervised.

Receiving reports are prepared for all receipts.

Quantities received are compared to the bill of lading and receiving report.

Effective control procedures are established to ensure that local supplies are used properly and for authorized purposes.

Supplies and merchandise not currently in use are stored in areas where access is limited to authorized personnel only. Storerooms or warehouses where such property is kept are locked when not occupied, and during other than normal working hours. Special protective measures are taken for items having a high pilferage rate or a high value.

An actual physical inventory count of all supplies and merchandise is made periodically. Causes for differences between quantities determined by physical inspection and those shown on accounting records are investigated. To the extent possible, improvements in procedures are made to prevent future error or losses. The responsible official brings accounting records into agreement with the physical inventories after authorization.

Physical inventories are taken and certified by personnel acting under written instructions.

At agreed upon intervals, separate personnel from those normally responsible for the procedure should perform the inventory process.

A perpetual or periodic inventory record is maintained to reflect dollar value and quantities of merchandise for resale and significant supplies inventories.

Supplies and merchandise are arranged so that the earliest received or produced will be issued first. Supplies and merchandise are kept neat.

## **Payroll**

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Responsibilities for supervision, time keeping, personnel, payroll processing, disbursements, and general ledger functions should be assigned to provide segregation of duties.

A person other than the employee's immediate supervisor distributes payroll warrants.

Personnel other than employees connected with preparation of payroll distribute Forms W-2.

Detailed records of hours worked are maintained and approved, as appropriate.

Payroll charges should be reviewed before disbursements are made.

Payroll charges, including fringe benefits, should be recorded and distributed accurately and promptly.

Written procedures are required for authorization, recording, and controlling sick leave, vacations, holidays, overtime, compensatory time, and stand-by time.

Procedures are established to ensure that supervisory personnel verify all attendance reports and payroll reports.

Payroll records and reports should be adequately safeguarded to ensure confidentiality.

## **Automated Data or Information Processing**

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The Information Services (IS) department is independent of the accounting and operating departments for which it processes data.

An appropriate segregation of duties is maintained within the data processing function for system development (design and programming), technical support (maintenance of systems software), and operations.

Controls are established and followed for the preparation and approval of input transactions outside the IS department. These controls prohibit the IS department from initiating and processing transactions without the approval of affected users.

Controls are established over completeness and accuracy of input, processing and output.

Controls are established for error correction of rejected transactions.

Controls are established over entry of data in on-line systems to restrict access to terminals and data entry to authorized employees. Password security should be established on an individualized basis.

User controls include user reconciliation of output totals to input totals for all data submitted, internal reconciliation of file balances, and the review of outputs for reasonableness.

Controls are established over the use and retention of tape and disk files, including provisions for retention of adequate records to provide backup capabilities.

Controls are exercised over changes to system software.

Controls are in place which safeguard and limit access to data processing equipment, tapes, disks, files, system documentation, and application program documentation to authorized employees.

Written documentation of procedures are established and followed by computer operators.

A written and tested contingency plan is in place providing for continued processing of critical applications in the event of a disaster at the computer facility.

Controls are established for the use and contents of personal computers.

## General

---

Accounting records are neat, current, and in proper order.

Employees take periodic vacations and other employees then perform their work

Internal audits are performed on a regular basis.

Authorized personnel approve journal entries.

A current organizational chart is maintained and followed.

Appropriate documentation of procedures exists for all agency systems and functions such that the organization could continue to operate if key employees leave.

A financial executive with the appropriate background, skills and training heads the accounting department.

Training manuals and methods should be routinely evaluated and updated.

## ***APPENDIX B***

### DEFINITIONS

**Accrued expenditures** means the charges incurred by the recipient during a given period requiring the provision of funds for--

- (1) Goods and other tangible property received;
- (2) Services performed by employees, contractors, subrecipients, and other payees; and
- (3) Other amounts becoming owed under programs for which no current services or performance is required.

**Accrued income** means the sum of--

- (1) Earnings during a given period from--
  - (i) Services performed by the recipient; and
  - (ii) Goods and other tangible property delivered to purchasers; and
- (2) Amounts becoming owed to the recipient for which no current services or performance is required by the recipient.

**Acquisition cost of equipment** means the net invoice price of the equipment, including the cost of modifications, attachments, accessories, or auxiliary apparatus necessary to make the property usable for the purpose for which it was acquired. Other charges, such as the cost of installation, transportation, taxes, duty, or protective in-transit insurance, shall be included or excluded from the unit acquisition cost in accordance with the recipient's regular accounting practices.

**Administrative requirements** mean those matters common to grants in general, such as financial management, kinds and frequency of reports, and retention of records. These are distinguished from programmatic requirements, which concern matters that can be treated only on a program-by-program or grant-by-grant basis, such as kinds of activities that can be supported by grants under a particular program.

**Advance** means a payment made by Treasury check or other appropriate payment mechanism to a recipient upon request before outlays are made either by the recipient or through the use of predetermined payment schedules.

**Allocation** means part of a lump sum appropriation designated for expenditure by a specific government unit, and for a specific purpose.

**Appropriation** means a sum budgeted for a department, unit, or activity to identify a limit set on the amount to be expended under a certain account.

**Award** means financial assistance that provides support or incentives to accomplish a public purpose. Awards include grants and other agreements in the form of money or property, in lieu of money, by the Federal Government to an eligible recipient. The term does not include--

- (1) Technical assistance, which provides services instead of money;

(2) Other assistance in the form of loans, loan guarantees, interest subsidies, or insurance;

(3) Direct payments of any kind to individuals; and

(4) Contracts, which are required to be entered into and administered under procurement laws and regulations.

**Cash contributions** means the recipient's cash outlay, including the outlay of money contributed to the recipient by third parties.

**Competitive Grant** means a grant program in which the applicant designs the project proposal and the funding agency ranks the proposals to provide grant awards in a competitive process.

**Contract** means a legally enforceable agreement between individuals or entities.

**Costs Plus A Percentage Of Costs** means a type of contract under which the contractor is not only reimbursed his performance costs but is also paid a stated percentage of his cost.

**Cost sharing or matching** means that portion of project or program costs not borne by the Federal Government.

**Date of completion** means the date on which all work under an award is completed or the date on the award document, or any supplement or amendment thereto, on which Federal sponsorship ends.

**Debarment** means a person, or entity that is debarred shall be excluded from Federal financial and nonfinancial assistance and benefits under Federal programs and activities. Debarment of a participant in a program by one agency shall have government wide effect.

**Direct Costs** means those costs than can be identified specifically with a particular final cost objective, such as compensation of employees for time devoted and identified specifically to the performance of Grant awards, the cost of materials acquired, consumed, or expended specifically for the purpose of Grant awards, equipment and other approved capital expenditures, or travel expenses incurred specifically to carry out a Grant award.

**Disallowed costs** means those charges to an award that the Secretary determines to be unallowable, in accordance with the applicable Federal cost principles or other terms and conditions contained in the award.

**Disbursement** means a payment by cash or check.

**Entitlement Grant** means a grant under federal law which must be provided to all eligible applicants

**Equipment** means tangible nonexpendable personal property including exempt property charged directly to the award having a cost equal to or greater than \$250 and a useful life of greater than one year.

**Excess property** means property that is no longer required.

**Exempt property** means tangible personal property acquired in whole or in part with Federal funds.

**Expenditure report** means:

- (1) For non-construction grants, the SF-269 "Financial Status Report" (or other equivalent report); or
- (2) For construction grants, the SF-271 "Outlay Report and Request for Reimbursement" (or other equivalent report).

**Federal awarding agency** means the Federal agency that provides an award to the recipient.

**Federal funds authorized** mean the total amount of Federal funds obligated by the Federal Government for use by the recipient. This amount may include any authorized carryover of unobligated funds from prior funding periods when permitted by ED regulations or ED implementing instructions.

**Federal share of real property, equipment, or supplies** means that percentage of the property's acquisition costs and any improvement expenditures paid for with Federal funds.

**Fiscal Agent** means the entity or individual designated to be responsible for receiving and safeguarding grant funds.

**Funding period** means the period of time when Federal funding is available for obligation by the recipient.

**General Assurances** mean the certification of a form signed by the applicant of Federal Funds signifying that they have the managerial and financial capabilities to ensure proper planning, management, and completion of the project(s) described in their application.

**Indirect Costs** means costs incurred for a common or joint purpose benefiting more than one cost objective; not readily assignable to the cost objectives specifically benefited, without effort disproportionate to the results achieved; and indirect costs apply to not only costs originating in the grantee department, and those incurred by other departments in supplying goods, services, and facilities.

**Intangible property and debt instruments** means, but is not limited to, trademarks, copyrights, patents and patent applications and such property as loans, notes and other debt instruments, lease agreements, stock, and other instruments of property ownership, whether considered tangible or intangible.

**Local government** means a county, municipality, city, town, township, local public authority (including any public and Indian housing agency under the United States Housing Act of 1937) school district, special district, intrastate district, council of governments (whether or not incorporated as a nonprofit corporation under state law),

any other regional or interstate government entity, or any agency or instrumentality of a local government.

**LEA** means local education agency.

**Obligations** mean the amounts of orders placed, contracts and grants awarded, services received, and similar transactions during a given period that require payment by the recipient during the same or a future period.

**Outlays or expenditures** mean charges made to the project or program. They may be reported on a cash or accrual basis. For reports prepared on a cash basis, outlays are the sum of cash disbursements for direct charges for goods and services, the amount of indirect expense charged, the value of third party in-kind contributions applied, and the amount of cash advances and payments made to subrecipients. For reports prepared on an accrual basis, outlays are the sum of cash disbursements for direct charges for goods and services, the amount of indirect expense incurred, the value of in-kind contributions applied, and the net increase (or decrease) in the amounts owed by the recipient for goods and other property received, for services performed by employees, contractors, subrecipients and other payees, and other amounts becoming owed under programs for which no current services or performance are required.

**Personnel Activity Report** means a form used by those individuals whose salary or wages are allocable to multiple activities or cost objectives associated with Federal grant programs.

**Personal property** means property of any kind except real property. It may be tangible, having physical existence, or intangible, having no physical existence, such as copyrights, patents, or securities.

**Prior approval** means written approval by an authorized official evidencing prior consent.

**Program income** means gross income earned by the recipient that is directly generated by a supported activity or earned as a result of the award (see exclusions in 34 CFR 74.24(e) and (h)). 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 federally funded projects, the sale of commodities or items fabricated under an award, license fees and royalties on patents and copyrights, and interest on loans made with award funds. Interest earned on advances of Federal funds is not program income. Except as otherwise provided in ED regulations or the terms and conditions of the award, program income does not include the receipt of principal on loans, rebates, credits, discounts, etc., or interest earned on any of them.

**Project costs** means all allowable costs, as established in the applicable Federal cost principles, incurred by a recipient and the value of the contributions made by third parties in accomplishing the objectives of the award during the project period.

**Project period** means the period identified in the award document within which allowable project costs may be charged.

**Property** means, unless otherwise stated, real property, equipment, and intangible property and debt instruments.

**Real property** means land, including land improvements, structures, and in addition, accessories thereto, but excluding movable machinery and equipment.

**Reasonable costs** means 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 was made to incur the cost. Consideration shall be given to some of the following points: Was the cost recognized as ordinary and necessary for the operation and performance of the Federal award. What are the prevailing market prices for comparable goods and services? Did the individuals concerned act with prudence in the circumstances considering their responsibilities on behalf of the Federal award.

**Recipient** means an organization receiving financial assistance to carry out a project or program.

**Research and development** means all research activities, both basic and applied, and all development activities that are supported at universities, colleges, and other non-profit institutions.

1. Research' is defined as a systematic study directed toward expanded scientific knowledge.
2. Development is the systematic use of knowledge and understanding gained from research.

**SEA** means state education agency.

**Subaward** means an award of financial assistance in the form of money or property in lieu of money, made under an award by a recipient to an eligible sub recipient or by a sub recipient to a lower tier sub recipient. The term includes financial assistance when provided by any legal agreement, even if the agreement is called a contract, but does not include procurement of goods and services nor does it include any form of assistance, which is excluded from the definition of "award" as defined in this section.

## ***APPENDIX C***

### REPRESENTATIVE FORMS AND OTHER DOCUMENTS

This appendix is included to show representative documents used in Federal Funds Accounting. The documents are explained more fully elsewhere in the manual and are referenced there. The following documents included in this section are:

| FORM NO. | TITLE   | PAGE NO. |
|----------|---|----------|
| OBM – 1  | Project Application Budget and Designation of Project Manager | 78       |
| BBM – 2  | Project Approval/Funding Authorization                        | 80       |
| OBM – 3  | Project Status Report   | 81       |
| OBM – 4  | Quarterly Financial Report of Approved Projects               | 85       |
| OBM – 6  | Federal Cash Withdrawal Document                              | 89       |
| OBM – 7  | Funding Action Letter   | 90       |
| OBM – 8  | Request for Initial Cash Funding                              | 91       |
|          | Federal Funds Ledger  | 92       |
|          | Analysis Letter   | 93       |
|          | Funding Detail Document                                       | 96       |

**PROJECT APPLICATION BUDGET AND DESIGNATION OF APPLICATION MANAGER/ PROJECT MANAGER**

PROJECT # \_\_\_\_\_  
CHANGE # \_\_\_\_\_  
PAGE 1 of \_\_\_\_\_

Federal/State Program Title: \_\_\_\_\_

FROM: \_\_\_\_\_ TO: \_\_\_\_\_  
NH Department of Education  
State Office Park South  
101 Pleasant Street  
Concord, New Hampshire 03301-3860

| TYPE OF CHANGE |              |
|----------------|--------------|
|                | BUDGET       |
|                | FUND AUTH    |
|                | FISCAL AGENT |
|                | OTHER        |

SAU/RA: \_\_\_\_\_  
Proposed Project Title: \_\_\_\_\_

Project Period: \_\_\_\_\_ to: \_\_\_\_\_

\*\*\*The following information is required for all projects\*\*\*

**PROJECT MANAGER:** NAME: \_\_\_\_\_  
ADDRESS: \_\_\_\_\_  
E-MAIL ADDRESS: \_\_\_\_\_

TITLE: \_\_\_\_\_  
TELEPHONE: \_\_\_\_\_  
FAX: \_\_\_\_\_

**FINANCIAL CONTACT:** NAME: \_\_\_\_\_  
E-MAIL ADDRESS: \_\_\_\_\_

TELEPHONE: \_\_\_\_\_  
FAX: \_\_\_\_\_

The above named person is designated as Project Manager. I hold the Project Manager responsible for implementing the project in accordance with the approved project, for remaining within the budget limitations, for ensuring that only authorized items required to implement the project are charged to the project, and for initiating request to amend the approved project. No services or supplies will be ordered or charged to the project without written approval of the Project Manager.

**THE APPLICANT AGENCY AGREES AND CERTIFIES THAT:**

- This grant will be administered in accordance with the applicable provisions of the following federal laws and regulations:
  - Education Department General Administrative Regulations (EDGAR) in Title 34 Code of Federal Regulations (CFR), Parts 74, 75, 76, 77, 79, 80, 82, 85, 86; Civil Rights Regulations in 34 CFR, Parts 100 through 106, and specific program laws and regulations.
  - Any amendments in effect on the date of this grant award or to become effective during the project period are incorporated.
- Grant accounting and financial reporting will be in accordance with New Hampshire Department of Education Federal Funds Financial Management Handbook.
- Authorized funds will be obligated and expended only for the purpose described in the approved project proposal and budget.
- Audits will be in compliance with the Single Audit Act Amendments of 1996 (P.L. 104-156) and U.S. Office of Management and Budget (OMB) Circulars.
- Project approval, if given, will be on the condition that full funding of the Approved Budget and payment by the grantor are contingent upon the availability of a Federal Grant and Appropriation Authority approved by the General Court of New Hampshire or the Governor and Council of this State for this purpose. Neither the State nor the Department of Education shall be liable for payments under this grant except from such funds.

**FISCAL AGENT - MAKE CHECKS PAYABLE TO:**

APPROVED INDIRECT COST RATE: \_\_\_\_\_ %

\_\_\_\_\_  
PRINT NAME AND TITLE of SAU SUPERINTENDENT OF SCHOOLS  
or RA/CHIEF FINANCIAL OFFICER

\_\_\_\_\_  
SIGNATURE SAU SUPERINTENDENT OF SCHOOLS  
or RA/CHIEF FINANCIAL OFFICER

\_\_\_\_\_  
DATE

**BUDGET SUMMARY BY OBJECT AND FUNCTION CODES**

(See NH Financial Accounting Handbook 1999 Edition pages A-6 through A-14)

| OBJECT CODE   | 1000 INSTRUCTION | 2000 SUPPORT | 2____ ADMIN |   |   | 5000 INDIRECT   | TOTAL |
|---------------|------------------|--------------|-------------|---|---|---|-------|
| 100           |                  |              |             |   |   | COST BELOW CANNOT INCLUDE AUDIT FEES WHEN A PROJECT LINE ITEM INCLUDES AUDIT FEES | -     |
| 200           |                  |              |             |   | - |   |       |
| 300           |                  |              |             |   | - |   |       |
| 400           |                  |              |             |   | - |   |       |
| 500           |                  |              |             |   | - |   |       |
| 600           |                  |              |             |   | - |   |       |
| 700           |                  |              |             |   | - |   |       |
| 800           |                  |              |             |   | - |   |       |
| 900           |                  |              |             |   | - |   |       |
| <b>TOTALS</b> | -                | -            | -           | - | - |   | -     |

**DETAIL OF PROPOSED BUDGET**

| FUNCTION CODE          | OBJECT CODE | BUDGET AMOUNT | DETAILED INFORMATION | FUNCTION CODE          | OBJECT CODE | BUDGET AMOUNT | DETAILED INFORMATION |
|------------------------|-------------|---------------|----------------------|------------------------|-------------|---------------|----------------------|
|                        |             |               |                      |                        |             |               |                      |
|                        |             |               |                      |                        |             |               |                      |
|                        |             |               |                      |                        |             |               |                      |
|                        |             |               |                      |                        |             |               |                      |
|                        |             |               |                      |                        |             |               |                      |
|                        |             |               |                      |                        |             |               |                      |
|                        |             |               |                      |                        |             |               |                      |
|                        |             |               |                      |                        |             |               |                      |
|                        |             |               |                      |                        |             |               |                      |
|                        |             |               |                      |                        |             |               |                      |
|                        |             |               |                      |                        |             |               |                      |
|                        |             |               |                      |                        |             |               |                      |
|                        |             |               |                      |                        |             |               |                      |
|                        |             |               |                      |                        |             |               |                      |
|                        |             |               |                      |                        |             |               |                      |
|                        |             |               |                      |                        |             |               |                      |
|                        |             |               |                      |                        |             |               |                      |
|                        |             |               |                      |                        |             |               |                      |
|                        |             |               |                      |                        |             |               |                      |
|                        |             |               |                      |                        |             |               |                      |
| <b>SUB TOTAL/TOTAL</b> |             | -             | //////////           | <b>SUB TOTAL/TOTAL</b> |             | -             | //////////           |

PROGRAM TITLE: TITLE II-A CFDA#84.367A

TO: FROM: TYPE OF CHANGE  
 DEPARTMENT OF EDUCATION : X : Fund Auth.  
 STATE OFFICE PARK SOUTH : X : Budget  
 101 PLEASANT STREET : X : Fiscal Agent  
 CONCORD, N.H. 03301 : X : Other

PROJECT TITLE: DISTRICT:  
 APPROVED PROJECT BUDGET

| Function codes |                  |              |      |      |               |               |  |
|----------------|------------------|--------------|------|------|---------------|---------------|--|
| OBJECT CODE    | 1000 INSTRUCTION | 2000 SUPPORT | 3000 | 4000 | 5000 INDIRECT | OBJECT TOTALS |  |
| 100            | 1960.00          | 14100.00     | 0.00 | 0.00 | 0.00          | 16060.00      |  |
| 200            | 0.00             | 2144.78      | 0.00 | 0.00 | 0.00          | 2144.78       |  |
| 300            | 0.00             | 25935.85     | 0.00 | 0.00 | 0.00          | 25935.85      |  |
| 400            | 0.00             | 0.00         | 0.00 | 0.00 | 0.00          | 0.00          |  |
| 500            | 0.00             | 11030.00     | 0.00 | 0.00 | 0.00          | 11030.00      |  |
| 600            | 0.00             | 10745.87     | 0.00 | 0.00 | 0.00          | 10745.87      |  |
| 700            | 0.00             | 0.00         | 0.00 | 0.00 | 0.00          | 0.00          |  |
| 800            | 0.00             | 3954.99      | 0.00 | 0.00 | 0.00          | 3954.99       |  |
| 900            | 0.00             | 0.00         | 0.00 | 0.00 | 0.00          | 0.00          |  |
| TOTALS         | 1960.00          | 67911.49     | 0.00 | 0.00 | 0.00          | 69871.49      |  |

Only \$ 69871.49 can be legally obligated during Project Period 02/05/2008 through 06/30/2009

Fiscal Agent - Make Checks Payable to: Effective Date of this Action: 02/05/2008  
 Treasurer - SCHOOL DISTRICT 170 Indirect Cost Rate: 6.00%

Department Representative ADAMS Date signed: 04/15/2008  
 PROGRAM MANAGER

FY-2009 ALLOCATION: 84585.04 CARRY OVER FUNDS: 0.00 FUNDS AVAILABLE 14713.55

STATE OF NEW HAMPSHIRE DEPARTMENT OF EDUCATION USE ONLY

Transmittal Report # 2008 - 355

FUNDING AUTHORITY

| CAN # | PROJECT ACCOUNT # | CHANGE THIS ACTION | PRIOR AUTHORIZATION | TOTAL FUNDS AUTHORIZED |
|-------|-------------------|--------------------|---------------------|------------------------|
| 862   | 84868 .0          | 62474.10           | 0.00                | 62474.10               |
| 862F  | 84868 .0          | 7397.39            | 0.00                | 7397.39                |
| TOTAL |                   | 69871.49           | 0.00                | 69871.49               |

, Prof. Mgr.  
 SCHOOL DISTRICT

**DEPARTMENT OF EDUCATION  
OFFICE OF BUSINESS MANAGEMENT**

**DETAILS OF OBLIGATIONS AND DISBURSEMENTS REPORTS COMPLETION  
(OBM FORM 3)**

1. Project number to be entered from BBM Form 2.
2. The address of the award recipient. For SAU's, this is normally the Superintendent's address. Other fund recipients should enter the official address of the office maintaining the financial records and the address of the office responsible for reporting the projects.
3. Be sure all reports are submitted in **duplicate**. One set must have an original signature.
4. Check one of the boxes on the top right hand corner according to the nature of the report.  
  
(a) Revised is to correct or revise a report already submitted.
5. Enter the Name and E-mail address of the Financial Contact person.
6. Enter the Federal Program Title and the Project Title from the BBM Form 2.
7. Enter the project period from the BBM Form 2.
8. Check the appropriate box. Obligations and Disbursements reports must be submitted for each project.
9. Dollar amount should be entered according to the object code and the function code from the Federal Funds Ledger.
10. The period ending date for the Obligations Reports should be the date that obligations are completed, but not later than the end of the project period.

The period ending date for the Disbursements report should be the date that disbursements are completed, but not later than 90 days after the end of the project period. Disbursements Reports must have both sides completed. Also, the totals on both sides must agree.

Although the Obligations and Disbursements Reports can be submitted with the Quarterly Report (OBM Form 4) for that quarter, they must have the correct dates. The Obligations and Disbursements reports (OBM Form 3) must agree with the quarterly reports for the same period.

11. Under Certification for Report of Project as stated above
  - Line 1. This amount must agree with the total column.
  - Line 2. Enter the match money if applicable.
  - Line 3. This should be line 1 minus line 2.
  - Line 4. The authorized funds from the BBM Form 2. (Not the total budget amount)
  - Line 5. Self explanatory.
  - Line 6. Self explanatory.
12. Enter the date prepared.
13. The Superintendent of Schools must personally sign on this line. Exception: The Business Administrator or Assistant Superintendent may sign when authorized by the School Board. A copy of the meeting minutes must be on file with the NHDOE Office of Business Management's Centralized Federal Funding Section. This designee must sign the report in the same manner required of the Superintendent. Facsimile and stamp signatures are not acceptable.

OTHER:

If the obligations and disbursements are completed before the end of the project period, the Form 3's can be submitted as of that date. It is not necessary to wait until the end of the project period.

Disbursements are not to be more than the obligations. If they are, you must receive written approval from the Department of Education program director to increase obligations and disbursements after the end of the project period.

If approval is denied, revised Obligations and Disbursements Reports and revised Quarterly Reports for all quarters effected must be submitted.

To eliminate unnecessary paperwork and a delay in funding, it is advisable to get written approval from the Department of Education program director before submitting the reports with the increase.

# PROJECT STATUS REPORT

PROJECT # 1

From: 2

To: 3 State Department of Education  
Office of Business Management (OBM)  
Centralized Federal Funding  
101 Pleasant Street  
Concord, NH 03301-3860

Original  
 Revised

**FINANCIAL CONTACT:** 5 NAME: \_\_\_\_\_  
E-MAIL ADDRESS: \_\_\_\_\_

TELEPHONE: \_\_\_\_\_  
FAX: \_\_\_\_\_

Federal Program Title: \_\_\_\_\_

6 Project Title: \_\_\_\_\_

7 Project Period \_\_\_\_\_ To \_\_\_\_\_

| <b>REPORT OF:</b> <input type="checkbox"/> <b>Obligations</b> <span style="border: 1px solid black; padding: 2px 10px;">8</span> <input type="checkbox"/> <b>Disbursements</b> |                  |              |                       |  |  |  |       |
|--|------------------|--------------|-----------------------|--|--|--|-------|
| OBJECT CODE  | 1000 INSTRUCTION | 2000 SUPPORT | 2_____ ADMINISTRATION |  |  | 5000 INDIRECT  | TOTAL |
| 100  |                  |              |                       |  |  | Costs Below Cannot Include Audit Fees When a Project Line Item Includes Audit Fees |       |
| 200  |                  |              |                       |  |  |  |       |
| <span style="border: 1px solid black; padding: 2px 10px;">9</span> 300   |                  |              |                       |  |  |  |       |
| 400  |                  |              |                       |  |  |  |       |
| 500  |                  |              |                       |  |  |  |       |
| 600  |                  |              |                       |  |  |  |       |
| 700  |                  |              |                       |  |  |  |       |
| 800  |                  |              |                       |  |  |  |       |
| 900  |                  |              |                       |  |  |  |       |
| TOTAL  |                  |              |                       |  |  |  |       |

11 **CERTIFICATION FOR REPORT OF PROJECT AS STATED ABOVE**

I certify that the account records maintained for this project account are for the period ending 10, and that Obligations/Disbursements reported were contained in the expenditure accounts and files.

- |   |    |  |                                 |
|---|----|--|---------------------------------|
| 1. Total Obligations/Disbursements              | \$ |  | * (must agree with total above) |
| 2. LESS: LOCAL Match (if applicable)            |    |  |                                 |
| 3. Total eligible for reimbursement by SEA      |    |  |                                 |
| 4. SEA funds authorized (from BBM FORM 2)       |    |  |                                 |
| 5. Enter amount from line 3                     |    |  |                                 |
| 6. Funding authorization to be reduced from SEA |    |  | (line 4 minus line 5)           |

13 \_\_\_\_\_  
Signature of Superintendent/Authorized Signature

12 \_\_\_\_\_  
Date Signed



**DEPARTMENT OF EDUCATION  
OFFICE OF BUSINESS MANAGEMENT**

**DETAILS OF QUARTERLY REPORT COMPLETION  
(OBM FORM 4)**

1. Check one of the boxes on the top right hand corner according to the nature of the report.
  - (a) Revised is to correct or revise a report already submitted.
  - (b) Supplemental is in addition to a report already submitted, such as if projects had not been listed on the original report.
2. The address of the award recipient. For SAU's, this is normally the Superintendent's address. Other fund recipients should enter the official address of the office maintaining the financial records and the address of the office responsible for reporting the projects.
3. Be sure all reports are submitted in duplicate. One set must have an original signature.
4. List project numbers in ascending order by the fiscal agent designated on the BBM Form 2.
5. To be used only by the Department of Education – Office of Business Management.
6. Report the cumulative amount of approved funding shown in the Funding Authority Received Column of the Federal Funds Ledger. This should also agree with the BBM Form 2.
7. Total dollar amount in the funding authority obligated column of the Federal Funds Ledger. This figure should not be decreased as disbursements are made.
8. Total accumulated cash expended column as recorded in the Federal Funds Ledger.

(Exception: The projects with a match should have the match money included in both Obligation & Disbursement columns.)
9. A projected (3) three months cash requirement to be reported.

10. Total amount of cash received for that project from the State. This is taken from the Federal Cash Received column of the Federal Funds Ledger.
11. The amount entered should be the cash needed to pay project expenses. Column 8 plus column 9 minus column 10 should equal column 11, or the request can be a lesser amount.

(Each column amount must be supported by documents in the corresponding project file.)

12. Do not use the SEA Use Only column.
13. This should be the quarter you are reporting.
14. The Superintendent of Schools must personally sign on this line. Exception: the Business Administrator or Assistant Superintendent may sign when authorized by the School Board. A copy of the meeting minutes must be on file with the NHDOE Office of Business Management's Centralized Federal Funding Section. This designee must sign the report in the same manner required of the Superintendent. Facsimile and stamp signatures are not acceptable.
15. Enter the date prepared.

The report is submitted as of the last day of March, June, September, and December and must be received by the NH Department of Education no later than the 10<sup>th</sup> of the following month.

Exception: The June quarterly is not due until 7/15.

All projects not completed and closed must be reported. A project is reported closed on the Form 4 by placing a "C" immediately following the project number.

A project cannot be closed until columns 6, 7, 8, and 10 are equal and the project period has terminated. (In the case of the match projects, columns 7 & 8 should reflect the match.) Exception to waiting for the end of the project period: A project can be closed when it is known that all project business has been completed. Once a project is reported as closed, it cannot be reopened and should not be reported again.

# QUARTERLY FINANCIAL REPORT OF APPROVED PROJECTS

6/01

1

Original

Revised

Supplemental

From:

2

To:

3

State Department of Education  
Office of Business Management (OBM)  
Centralized Federal Funding  
101 Pleasant Street  
Concord, NH 03301-3860

Page \_\_\_\_\_ of \_\_\_\_\_

| Project Account # | SEA CAN | Approved Funding | Cumulative Obligations | Cumulative Disbursements | Disbursements Next Quarter | Cash Received | Cash Request | SEA USE ONLY |
|-------------------|---------|------------------|------------------------|--------------------------|----------------------------|---------------|--------------|--------------|
| 4                 | 5       | 6                | 7                      | 8                        | 9                          | 10            | 11           | 12           |
|                   |         |                  |                        |                          |                            |               |              |              |
|                   |         |                  |                        |                          |                            |               |              |              |
|                   |         |                  |                        |                          |                            |               |              |              |
|                   |         |                  |                        |                          |                            |               |              |              |
|                   |         |                  |                        |                          |                            |               |              |              |
|                   |         |                  |                        |                          |                            |               |              |              |
|                   |         |                  |                        |                          |                            |               |              |              |
|                   |         |                  |                        |                          |                            |               |              |              |
|                   |         |                  |                        |                          |                            |               |              |              |

13

The accounting records for the projects included in this report are for the quarter ending \_\_\_\_\_.

The cash request amount was developed in accordance with Chapter 8, paragraph 18(a) (17) of the Federal Funds Financial Management Handbook.

14

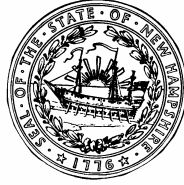
Date Signed: \_\_\_\_\_

15

Superintendent of Schools/Authorized Signature

NOTE: All cash needs are to be rounded off to the nearest \$100.00 except when requesting final payment on a project account. List by Fiscal Agent in numerical sequence.





**Lyonel B. Tracy**  
Commissioner of Education  
Tel. 603-271-3144

**Mary S. Heath**  
Deputy Commissioner  
Tel. 603-271-7301

**STATE OF NEW HAMPSHIRE  
DEPARTMENT OF EDUCATION  
101 Pleasant Street  
Concord, N.H. 03301  
FAX 603-271-1953  
Citizens Services Line 1-800-339-9900**

DATE

JOHN DOE, SUPERINTENDENT  
SAU #  
10 ANYWHERE RD  
ANYTOWN OR CITY, N.H. 00000-0000

CASH REIMBURSEMENT DOCUMENT #

Analysis of reports and records available in the NHDOE Office of Business Management indicates excess cash for:

| Project #     | Can # | Cash Due |
|---------------|-------|----------|
| Vendor Code # |       |          |

**INSTRUCTIONS**

1. Prepare a check in the amount of        payable to: Treasurer State of New Hampshire.
2. Use this document to support the reimbursement when posting to the general accounts and the Federal Funds Ledger. Copies must be maintained in the funding and cash receipts file for the project.
3. Post as a minus to cash received column of the Federal Funds Ledger.
4. Attached one copy of this form with the refund check and mail to:

New Hampshire State Department of Education  
Office of Business Management  
Centralized Federal Funds  
101 Pleasant Street  
Concord, New Hampshire 03301-3860

5. Check should be received by        .



**Lyonel B. Tracy**  
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**STATE OF NEW HAMPSHIRE  
DEPARTMENT OF EDUCATION  
101 Pleasant Street  
Concord, N.H. 03301  
FAX 603-271-1953  
Citizens Services Line 1-800-339-9900**

**DATE**

JOHN DOE, SUPERINTENDENT  
SAU #  
10 ANYWHERE RD  
ANY TOWN OR CITY, NH 00000-0000

- Action on Cash Funding Request - Project #
- Action on Quarterly Report as of 09/30/06.

The following action must be taken by your accounting department.

- File this Funding Detail. This **CANNOT** be posted to the Federal Funds Ledger prior to receipt of a check in the amount listed below.
- Return cash to the NHDOE Office of Business Management.
- Forward corrected information regarding discrepancies for an approvable Quarterly Report.
- Correct and resubmit Form 3.

Please contact this office at 271-3257 with any questions regarding this transmittal.

Sincerely,

*Doreen L. Perkins*

Doreen L. Perkins, Accountant I  
Centralized Federal Funds

Enclosures

- Funding Detail
- Form 6
- List of Discrepancies

Payment Voucher

Amount

01/04

**1. PROJECT #** \_\_\_\_\_

**FROM:**

**TO:** State Department of Education  
Office of Business Management  
Centralized Federal Funding  
101 Pleasant Street  
Concord, NH 03301

2. Authorized Project Amount \$ \_\_\_\_\_

3. Basis for Request: From \_\_\_\_\_ to \_\_\_\_\_

| <b>EXPENSE AREAS</b> | <b>ESTIMATED OBLIGATIONS</b> | <b>ESTIMATED PAYMENTS</b> |
|----------------------|------------------------------|---------------------------|
| Salaries             | \$ _____                     | \$ _____                  |
| Benefits             | _____                        | _____                     |
| Supplies             | _____                        | _____                     |
| Contractual Services | _____                        | _____                     |
| Other                | _____                        | _____                     |
| <b>TOTALS</b>        | <b>\$ _____</b>              | <b>\$ _____</b>           |

4. Requested Amount \$ \_\_\_\_\_ (estimated payments total)

5. Additional Information:

Verified by: \_\_\_\_\_ Date: \_\_\_\_\_

Title: \_\_\_\_\_

**INSTRUCTIONS:**

1. Use only with an original BBM Form 2, when there is a bonafide need for cash prior to the start of automatic funding.
2. Review chapter 8, paragraph 18(a) (17) of the Federal Funds Handbook to aide in determining the requested amount.
3. Items 1. and 2. Complete with appropriate information.
4. Item 3. Date = period to be covered by requested funds. Not longer than a four month period starting with the first day of the project period. Estimates should be the results of work completed after reading the applicable paragraphs in chapter 8 of the Federal Funds Handbook.
5. Item 4. Post Estimated Payments total from item 3.
6. Item 5. Include information that will be useful when the CFF considers the request.
7. The document must be signed by the Superintendent of Schools, or Financial Administrator of the organization.
8. **Submit in duplicate.**

# FEDERAL FUNDS LEDGER

PROJECT ACCOUNT NUMBER \_\_\_\_\_

PAGE NUMBER \_\_\_\_\_

(Federal Program)

(Fiscal Year)

(Project Description)

| (1)          | (2)                        | (3)                         | (4)          | (5) | (6)               |           | (7)          |          | (8) | (9) | (10)-(13)            |    |    |    |  |  |  |  |  |
|--------------|----------------------------|-----------------------------|--------------|-----|-------------------|-----------|--------------|----------|-----|-----|----------------------|----|----|----|--|--|--|--|--|
|              |                            |                             |              |     | Funding Authority |           | Federal Cash |          |     |     | BUDGET LIMITATIONS   |    |    |    |  |  |  |  |  |
|              |                            |                             |              |     | Received          | Obligated | Received     | Expended |     |     | \$                   | \$ | \$ | \$ |  |  |  |  |  |
| Posting Date | Description of Transaction | Document Ident. and Number. | Posting Ref. |     |                   |           |              |          |     |     | Expenditure Accounts |    |    |    |  |  |  |  |  |
| 1            |                            |                             |              |     |                   |           |              |          |     |     |                      |    |    |    |  |  |  |  |  |
| 2            |                            |                             |              |     |                   |           |              |          |     |     |                      |    |    |    |  |  |  |  |  |
| 3            |                            |                             |              |     |                   |           |              |          |     |     |                      |    |    |    |  |  |  |  |  |
| 4            |                            |                             |              |     |                   |           |              |          |     |     |                      |    |    |    |  |  |  |  |  |
| 5            |                            |                             |              |     |                   |           |              |          |     |     |                      |    |    |    |  |  |  |  |  |
| 6            |                            |                             |              |     |                   |           |              |          |     |     |                      |    |    |    |  |  |  |  |  |
| 7            |                            |                             |              |     |                   |           |              |          |     |     |                      |    |    |    |  |  |  |  |  |
| 8            |                            |                             |              |     |                   |           |              |          |     |     |                      |    |    |    |  |  |  |  |  |
| 9            |                            |                             |              |     |                   |           |              |          |     |     |                      |    |    |    |  |  |  |  |  |
| 10           |                            |                             |              |     |                   |           |              |          |     |     |                      |    |    |    |  |  |  |  |  |
| 11           |                            |                             |              |     |                   |           |              |          |     |     |                      |    |    |    |  |  |  |  |  |
| 12           |                            |                             |              |     |                   |           |              |          |     |     |                      |    |    |    |  |  |  |  |  |
| 13           |                            |                             |              |     |                   |           |              |          |     |     |                      |    |    |    |  |  |  |  |  |
| 14           |                            |                             |              |     |                   |           |              |          |     |     |                      |    |    |    |  |  |  |  |  |
| 15           |                            |                             |              |     |                   |           |              |          |     |     |                      |    |    |    |  |  |  |  |  |
| 16           |                            |                             |              |     |                   |           |              |          |     |     |                      |    |    |    |  |  |  |  |  |
| 17           |                            |                             |              |     |                   |           |              |          |     |     |                      |    |    |    |  |  |  |  |  |
| 18           |                            |                             |              |     |                   |           |              |          |     |     |                      |    |    |    |  |  |  |  |  |
| 19           |                            |                             |              |     |                   |           |              |          |     |     |                      |    |    |    |  |  |  |  |  |
| 20           |                            |                             |              |     |                   |           |              |          |     |     |                      |    |    |    |  |  |  |  |  |
| 21           |                            |                             |              |     |                   |           |              |          |     |     |                      |    |    |    |  |  |  |  |  |
| 22           |                            |                             |              |     |                   |           |              |          |     |     |                      |    |    |    |  |  |  |  |  |
| 23           |                            |                             |              |     |                   |           |              |          |     |     |                      |    |    |    |  |  |  |  |  |

SAU

**PROJECTS REQUIRING ATTENTION AND/OR CORRECTION**

As derived from the Quarterly Report for the quarter ending

**MARCH 31, 2008**

The following is a list of projects which require corrective action. Special care should be taken to insure that they are properly reported on your next Quarterly Report.

**1) SUBMIT ALL REPORTS IN DUPLICATE. ONE SET MUST HAVE AN ORIGINAL SIGNATURE. 2) LIST PROJECTS BY FISCAL AGENT IN NUMERICAL SEQUENCE. 3) FORM 3'S SHOULD BE BY FISCAL AGENT IN NUMERICAL SEQUENCE. 4) BE SURE TO COMPLETE RETURN ADDRESS ON FORM 3'S. IF FORM 3'S ARE NOT SUBMITTED AS DOUBLE-SIDED, THE TWO PAGES MUST BE STAPLED TOGETHER.**

- PROJECT #**  
Approved Funding is incorrect. Report the funding as of the quarter being reported. It is not necessary to submit a corrected report. Be sure to report next quarter.
  
- PROJECT #**  
Cash Received is incorrect. Report the cash received as of the quarter being reported. It is not necessary to submit a corrected report. Be sure to report next quarter.
  
- PROJECT #**  
An Obligations Report is needed.
  
- PROJECT #**  
An Obligations Report is needed. The Form 3 is being accepted as Disbursements only. Please see attached.
  
- PROJECT #**  
A Disbursements Report is needed.
  
- PROJECT #**  
Obligations and Disbursements Reports are needed.
  
- PROJECT #**  
Disbursements and Disbursements Next Quarter exceed Obligations/Approved Funding. Please submit a revised Quarterly Report for this project.
  
- PROJECT #**  
The Obligations Report is being returned for correction of the period ending. See attached. Please correct and resubmit as soon as possible.

- PROJECT #**  
The Disbursements Report is being returned for correction of the period ending. **See attached. Please correct and resubmit as soon as possible.**
- PROJECT #**  
The Obligations and Disbursements Report is being returned for correction of the period ending. **See attached. Please correct and resubmit as soon as possible.**
- PROJECT #**  
The Obligations/Disbursements Report is being returned for correction of the project period. **Please correct and resubmit as soon as possible.**
- PROJECT #**  
Cumulative Obligations and Cumulative Disbursements on the Quarterly Report do not agree with the Form 3. **Please submit a revised report.**
- PROJECT #**  
This project was not reported. Please submit a **supplemental Quarterly Report** for the quarter ending **3/31/08** for this project only. **Be sure to report next quarter.**
- PROJECT #**  
Please note correction on the enclosed copy of the Obligations/Disbursements Report. **It is not necessary to submit a corrected report.**
- PROJECT #**  
A project cannot be closed until the **APPROVED FUNDING, CUMULATIVE OBLIGATIONS, CUMULATIVE DISBURSEMENTS, AND CASH RECEIVED COLUMNS** are equal and the Obligations and Disbursements Reports have been submitted **and accepted.** **All projects must be reported until closed. Be sure to report next quarter.**
- PROJECT #**  
As all requirements have been completed, **this project is considered closed and no longer needs to be reported.** You should place a 'C' immediately after the project number when the **APPROVED FUNDING, CUMULATIVE OBLIGATIONS, CUMULATIVE DISBURSEMENTS, AND CASH RECEIVED COLUMNS** are equal and the Obligations and Disbursements Reports have been submitted and accepted. **It is not necessary to submit a corrected report.**
- PROJECT #**  
This project was closed previously and no longer needs to be reported. Please remove from your reports. Once a project has been reported with a 'C', please remove from your reports

**unless a discrepancy had been written regarding that project.  
It is not necessary to submit a corrected report.**

- PROJECT #**  
Obligations must be at least as much as disbursements. Please submit a revised \_\_\_\_\_ Quarterly Report.
  
- PROJECT #**  
This project number should read \_\_\_\_\_. **It is not necessary to submit a corrected report.**
  
- PROJECT #**  
Due to Administrative problems, this request for funding is unable to be processed at this time. The additional payment will be processed as soon as possible. **Contact at 271-\_\_\_\_\_ for further information.**
  
- PROJECT #**  
This is a Match project. The match must be reflected **and the match amount noted.** **Please submit a revised quarterly report for this project.**
  
- OTHER:**

**FUNDING DETAIL FOR SAU 20**

NH DEPARTMENT OF EDUCATION  
 OFFICE OF BUSINESS MANAGEMENT  
 CENTRALIZED FEDERAL FUNDS  
 101 PLEASANT STREET  
 CONCORD, NH 03301-3860

**TOTAL 59,157.61**

TO: DR. PAUL W. BOUSQUET, SUPERINTENDENT  
 123 MAIN STREET  
 GORHAM, NH 03581-1686

The following funding amounts must be posted to your projects ONLY AFTER you have received your check.

| <b>PV #</b>    | <b>FISCAL AGENT</b>                          | <b>PROJECT</b> | <b>AMOUNT</b> | <b>CHECK TOTAL</b> |
|----------------|--|----------------|---------------|--------------------|
| <b>5075005</b> | <b>ERROL SCHOOL DISTRICT</b>                 | 74822          | 13.30         | <b>181.30</b>      |
|                |  | 84822          | 168.00        |                    |
| <b>5075006</b> | <b>GORHAM RANDOLPH SHELBURNE COOPERATIVE</b> | 74833          | 3,618.70      | <b>42,712.33</b>   |
|                |  | 76615          | 2,082.79      |                    |
|                |  | 80048          | 12,700.00     |                    |
|                |  | 84466          | 400.00        |                    |
|                |  | 84833          | 20,600.00     |                    |
|                |  | 86047          | 455.25        |                    |
| <b>5075007</b> | <b>MILAN SCHOOL DISTRICT</b>                 | 86547          | 2,855.59      | <b>16,263.98</b>   |
|                |  | 80089          | 5,800.00      |                    |
|                |  | 84880          | 9,400.00      |                    |
|                |  | 86094          | 46.47         |                    |
|                |  | 86595          | 1,017.51      |                    |



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