



Policy: Allowable Use of Funds and Adherence to Uniform Grant Guidance	Category: Expenditures & Disbursements		Number: GP0800
	<input type="checkbox"/> Complete Revision <input type="checkbox"/> Partial Revision <input checked="" type="checkbox"/> New	Supersedes:	Page: Page 1 of 4

Policy Statement

The School District of Philadelphia shall adhere to all applicable cost principles governing the use of federal and non-federal grants and contracts. This policy addresses the importance of properly classifying costs, both direct and indirect, charged to grant funded projects and that proposed and actual expenditures are consistent with the grant agreement and all applicable federal rules embodied in the Uniform Grant Guidance at 2 CFR 200 (UGG). District personnel who are responsible for administering, expending or monitoring grant funded programs should be well versed with the categories of costs that are generally allowable and unallowable.

Reason for Policy

A large portion of financial support for the School District of Philadelphia comes from the federal government. This funding is in the form of direct support for District programs and often includes reimbursement for indirect costs. The federal Uniform Grant Guidance identifies the criteria that must be met in order to properly charge these costs to federally funded projects. Individual non-federal awards may also include special terms and conditions that must be met before costs can be charged or reimbursed, which must also be considered before allocating certain costs to the award.

Policy Requirements

All costs expended using federal funds must meet the following general criteria laid forth in the UGG at 2 CFR 200, Subpart E:

- Be **necessary and reasonable** for the proper and efficient performance and administration of the grant program.
- Be **allocable** to federal awards under the provisions of the federal circular.
- Be authorized and not prohibited under state or local laws or regulations.
- Conform to any limitations or exclusions set forth in the principles, federal laws, terms and conditions of the federal award, or other governing regulations as to types or amounts of cost items.
- Be consistent with policies, regulations, and procedures that apply uniformly to both federal awards and other activities of the District.
- Be accorded consistent treatment. A cost may not be assigned to a federal award as a direct cost and also be charged to a federal award as an indirect cost.
- Except as otherwise provided for in the federal circular, be determined in accordance with generally accepted accounting principles.
- Not included as a cost or used to meet cost sharing or matching requirements of any other federal award in either the current or a prior period.
- Be net of all applicable credits.
- Be adequately documented.

The cost guidelines of the UGG must be considered any time federal award funds are to be expended. The District may apply federal UGG requirements to non-federal projects as well.

Federal regulations also require that any other District policies related to specific types of expenditures must also be followed, for example student incentives, travel, meals or equipment.

Direct and indirect costs

Allowable and allocable costs must be appropriately classified as direct or indirect. In general, direct costs are those that can be identified specifically with a particular cost objective while indirect costs are 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 benefitted, without effort disproportionate to the results achieved. It is essential that each item of cost be treated consistently in like circumstances either as a direct or an indirect cost.

If an indirect cost rate is going to be utilized for charging indirect rates, the rate must first be approved by the applicable approving authority.

Cost transfers

Any costs charged to a federal or non-federal award that do not meet the allowable cost criteria must be removed from the award account and charged to an account that does not require adherence to federal UGG or other applicable guidelines. Cost transfers must be performed in accordance with the District's *Journal Voucher Management* policy.

Failure to adequately follow this policy and related procedures could result in questioned costs, audit findings, potential repayment of disallowed costs and discontinuance of funding. Grant Program Managers (GPM), school personnel and any other individuals responsible for expending grant funds are held responsible for compliance with UGG and must understand that severe penalties and funding disallowances could result from instances of non-compliance.

Responsibilities

Designated Program Office personnel (and School Operations Officers and other designated school personnel) are responsible for creating encumbering and purchasing documents using grant funds at the request of a GPM or Principal. They should be familiar with the general cost principles embodied in the federal UGG and summarized above, and the cost principles applicable to the specific program funds they expend. Personnel must notify the Grant Program Manager or Principal if they recognize a request is for an unallowable cost.

Grant Program Managers (GPMs) and Principals must ensure that any costs charged to their award are aligned with applicable cost principles, are computed correctly, and would not create a compliance violation.

GPMs should collect, maintain and where applicable, submit copies of adequate documentation to support the expenditures. See this procedure and the District's *GP1400 Documentation and Record Retention* policy.

Senior Management in the Grant Compliance Office (GCO) monitor, review, and approve (or disapprove) grant funded personnel plans and requests at both the school and central office level. In addition, senior GCO personnel monitor, review, and approve (or disapprove) Limited Contract Authority (LCA) requests and resolutions proposed to the School Reform Commission (SRC) through the On-Line Resolution (ORS) system. Finally, senior GCO personnel rule on compliance issues brought to them by OGC Grant Compliance Monitors (GCMs).

GCMs monitor, review and approve (or disapprove) grant expenditures at the school and program office levels as the first level of “Approver” in Advantage for non-personnel expenditures to ensure that applicable cost principles, regulations and policies are followed. Effective July 1, 2013 the GCMs will have prior approval authority for federal non-full time salary (supplemental pay) prior to their entry into the payroll system for payment to ensure allowability and documentation requirements have been met. GCMs are also responsible for providing training and guidance to GPMs, Designated Program Office personnel, and any other District staff seeking clarification of cost allowability requirements.

Grant Fiscal Services (GFS) Grant Budget Analysts (GBA) are responsible for preparing financial reports and reviewing grant transactions. They should be familiar with the cost principles applicable to the program funds they oversee and should notify the GPM or Principal if they recognize a transaction for an unallowable cost. Grant Analysts have responsibility for processing journal vouchers needed to transfer unallowable costs between grant awards.

Grant Accounting Unit will compile the necessary information, calculate the unrestricted and/or restricted indirect cost rate and submit for approval.

Procedures

The following procedures detail the responsibility and controls regarding hiring, purchasing, and the allocation of costs to grants pursuant to federal OMB circulars.

- *GP0800.1 Allocation of Personnel Costs to Grants*
- *GP0800.2 SRC Resolutions and LCAs*
- *GP0800.3 Allocation of Non-Personnel Costs to Grants*
(Include specific procedures for determining allowable travel costs, food costs, etc.)
- *GP0800.4 Development and administration of restricted and unrestricted indirect cost rates*

Forms

- *Job Requisition Approval Form*
- *SRC Grant Resolution Approval Form*
- *Meal Request Approval Form*
- *Grant Funded PD / EC Approval Form*
- *PD / EC Attendance Sign-In Log*
- *Student Sign-in Sheet*
- *Grant Quotation Form*
- *Travel Form SEH 195*
- *Travel Form SEH 194*
- *Form 324*

Definitions

Direct costs are expenses that are specifically associated with a particular grant program that can be directly assigned to such activities relatively easily with a high degree of accuracy. Common examples of direct costs include the GPM’s salary and fringe benefits, equipment and supplies for the program, subcontracted service provider, or other materials consumed or expended in the performance of the grant.

Indirect costs are incurred for common or joint objectives and, therefore, cannot be readily and specifically identified with a particular program. They are expenses that benefit more than one grant. Common examples of indirect costs include utilities, local telephone charges, shared office supplies, administrative or secretarial salaries.

Contacts

- *Grant Compliance Office*
- *Office of Grant Development*
- *Grant Fiscal Services*
- *Grants Oversight Committee*
- *Systems Administration Unit*

Frequently Asked Questions

Related Information

- *Circular A-87*
- *SRC Policy 311: Employee Expense Reimbursement*
- *SRC Policy 324: Travel Policy for District Employees*
- *SRC Policy 325: Meal Policy for District Employees*
- *GP0200.5 Budget Amendments*
- *GP0400 Supplantation*
- *GP1200 Certification of Employee Time and Effort*
- *GP1200.1 Determining Employee Cost Objective Status*
- *GP1400 Documentation and Record Retention*
- *GP1600 Procurement Using Grant Funds*
- *GP1700 Contracted Services for Grant Funded Programs*
- *GP1800 Suspended, Disqualified or Debarred Vendors to be Paid with Grant Funds*
- *Excluded Parties List (ELPS) System*
- *Job Requisition Approval Form*
- *SRC Grant Resolution Form*
- *Meal Request Approval Form*
- *Grant Funded PD / EC Approval Form*
- *PD / EC Attendance Sign-In Log*
- *Grant Quotation Form*
- *Travel Form SEH 195*
- *Travel Form SEH 194*
- *SDP General Counsel Website*
- *SDP Instructions related to 313/316 and 324s:*
<http://webgui.phila.k12.pa.us/offices/c/compensation/s-313-and-s-316-coding-and-rates>

History

Amended:

- Amended July 1, 2013 to include new policy and processing elements related to federal funds and the use of Form 324s and a new Student Sign-in Sheet.
- Amended 4/24/2015 to update references to the Uniform Grant Guidance and to make technical adjustments.

Issue Date: July 1, 2012	Effective Date: July 1, 2015	Approved by: Chief Grants Development and Compliance Officer
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