

IDEA Greater Cincinnati, Inc.

GRANT ACCOUNTING POLICY



Sec. 1. PURPOSE OF POLICY.

The Board of Directors and all “public officials and employees” as defined by Ohio law shall endeavor, in accordance with their fiduciary duty and applicable law, to honor any legal restrictions on federal or state funds and donor restrictions (that can be accepted) on philanthropic funds, the use and obligation of all funds, for the purchase of goods and services that have a direct benefit to students, are in the best interest of students and that facilitate the implementation of IDEA Cincinnati’s charter program. Through this policy, the Board of Directors (“Board”) of IDEA Greater Cincinnati, Inc. (“IDEA Cincinnati”) shall address applicable legal requirements, including:

- (a) Ohio Community Schools Act, Chapter 3314;
- (b) Ohio Nonprofit Corporations Act , Chapter 1702;
- (c) Ohio Administrative Code;
- (d) United States Code, Title 20 (“20 USC”);
- (e) Code of Federal Regulations, Title 2, Part 200 (“2 CFR § 200”);
- (f) *Standards for Internal Control in the Federal Government*; and
- (g) *Government Auditing Standards*.

Sec. 2. AUTHORITY OVER FISCAL MATTERS.

Sec. 2.1. In accordance with state law, the Board has primary and ultimate authority over fiscal matters. If a matter or decision-making process is not addressed in this or other duly adopted policies of the Board, authority rests with the Board. In the event of a conflict between this policy and any other Board policy, such conflict shall be brought to the Board for resolution. Refer to the Board’s Authority Over Fiscal Matters Policy (the “Controlling Policy”) for requirements applicable to this policy.

Sec. 2.2. The Delegates (as defined in Sec. 3(b) of the Controlling Policy) shall not engage in any business arrangement or transaction with an individual that is an officer, as defined in Sec. 5 of the Controlling Policy, and any conflicted, interested or related party³, as defined in other Board policy or applicable law. IDEA Cincinnati (and its officers) may not enter into a business arrangement or conduct a transaction in such a manner so as to circumvent this requirement.

Sec. 3. APPLICABILITY OF POLICY.

This policy pertains to state, federal, and philanthropic grant funds.

¹ R.C. Chapter 102; R.C. Section 2921.42

Sec. 4. GRANT ACCOUNTING RECORDS.

The Grant Accountant will maintain the following grant records:

- (a) Notice of Grant Award (NOGA), or private grant award letter;
- (b) A copy of the grant application;
- (c) Grant rosters;
- (d) Funding guides detailing which expenses are allowable/ unallowable;
- (e) Original budget and amendments made to that budget;
- (f) Correspondence from funders; and
- (g) Financial reports if applicable

Sec. 5. FINANCIAL SERVICES RESPONSIBILITY.

The Grant Accountant is responsible for the following (not all inclusive):

- (a) Maintaining fiduciary and financial responsibility for all grant activities;
- (b) Processing and maintaining accounting data for each grant;
- (c) Requesting funds through the automated payment request systems;
- (d) Preparing and submitting expense reports and certifying expenses are true and correct;
- (e) Classifying and reporting accounting transactions properly, according to regulatory guidelines;
- (f) Ensuring that funds are expended as approved in the application; and
- (g) Maintaining employee time and effort records.

Sec. 6. COMPLIANCE REQUIREMENTS.

Sec. 6.1. Allowable Costs.

IDEA Cincinnati officers and employees shall ensure that:

- (a) the activities supported by the use of funds and the actual use of funds for personnel and the procurement of goods and services are in compliance with all applicable statutory, regulatory and grant provisions;
- (b) the expenditure of funds be **reasonable, necessary, and not excessive** for the performance of the program;
- (c) the costs be allocable to the grant program;
- (d) the use of funds be consistent with policies and procedures that apply uniformly to both federally-financed, state-financed, and other activities of IDEA Cincinnati, be accorded consistent treatment, and be determined in accordance with generally accepted accounting principles;
- (e) funds are not used for general operating expenses required to carry out responsibilities

not directly related to the grant program; and

- (f) the use of funds be adequately documented.⁴

Sec. 6.2. Reasonable, Necessary, and Not Excessive Costs.

Sec. 6.2.1. In determining if an expenditure or cost is reasonable, necessary, and not excessive IDEA Cincinnati officers and employees shall adhere to the prudent person rule which dictates that a cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost.⁵ A cost is necessary if it is reasonable and a prudent person would agree that it is tied to a direct benefit to the students of IDEA Cincinnati. An expenditure or cost is not excessive if it is both reasonable and necessary and a prudent person would agree that it could not be accomplished in a more efficient manner. For further instruction, see Sec. 6.2.2 below.

Sec. 6.2.2. In determining if a cost is reasonable, IDEA Cincinnati officers and employees shall consider the following factors.⁶

- (a) Whether the cost is of a type generally recognized as ordinary and necessary for the operation of IDEA Cincinnati or the proper and efficient performance of the Federal award.⁷ Importantly, IDEA Cincinnati officers and staff shall adhere to the accepted practices of Ohio public schools relating to the use of grant funds.
- (b) The restraints or requirements imposed by such factors as: sound business practices; arm's-length bargaining; Federal, state, local and other laws and regulations; and terms and conditions of the Federal award.⁸
- (c) Market prices for comparable goods or services for the geographic area.⁹
- (d) Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to IDEA Cincinnati, its employees, where applicable its students, the public at large, and the Federal Government.¹⁰
- (e) Whether IDEA Cincinnati significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the Federal award's cost or increase the costs to other funding sources.¹¹

Sec. 6.3. Prudent Person Rule.

IDEA Cincinnati officers and employees shall limit their use of grant funds to costs that are ordinary and necessary for the conduct of IDEA Cincinnati's public school and related mission and if said costs, their nature

⁴ 2 CFR §200.403

⁵ 2 CFR §200.404

⁶ *Ibid.*

⁷ 2 CFR §200.404(a)

⁸ 2 CFR §200.404(b)

⁹ 2 CFR §200.404(c)

¹⁰ 2 CFR §200.404(d)

¹¹ 2 CFR §200.404(e)

and amount, do not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time that the decision was made to incur the cost.

Sec. 6.4. Abuse and Waste Prohibited.

Sec. 6.4.1. IDEA Cincinnati officers and employees shall not abuse or waste grant funds.

Sec. 6.4.2. For purposes of this policy, abuse is defined as behavior that is deficient or improper when compared with behavior that a prudent person would consider reasonable and necessary business practice given the facts and circumstances. Abuse includes misuse of authority or position for personal financial interests or those of an immediate or close family member or business associate.¹²

Sec. 6.4.3. For purposes of this policy, waste is defined as the act of using or expending resources carelessly, extravagantly, or to no purpose. In this context, waste relates primarily to mismanagement, inappropriate actions, and inadequate oversight.¹³

Sec. 6.5. Direct and Indirect Costs.

Sec. 6.5.1. All allowable direct and indirect costs allocated to the grant, minus any applicable credits, constitute the total costs.

Sec. 6.5.2. Direct costs are those costs that can be identified specifically with a particular final cost objective, such as a Federal award, or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy.¹⁴ Direct Costs include:

- (a) Costs for personnel who supervise the activities of program staff, or any direct costs for personnel who perform fiscal and reporting activities related to the grant;
- (b) Costs for contracted services associated with the administration of the program;
- (c) Costs for supplies and materials requested for administrative use;
- (d) Other operating costs requested for administrative purposes; and
- (e) Equipment requested for administrative purposes.

Sec. 6.5.3. Indirect costs are costs incurred for a common or joint purpose benefitting more than one grant program or project and not readily assignable to the grant program or project specifically benefitted, without effort disproportionate to the results achieved.¹⁵ Indirect costs include:

- (a) Costs of operating and maintaining facilities;
- (b) General administration and general expenses, such as budgeting, accounting, human resources, legal, and purchasing;
- (c) Centralized services, such as information systems; and

¹² *Government Auditing Standards*, Sec. 6.23, 7.25 and 8.122

¹³ *Government Auditing Standards*, Sec. 6.21, 7.23 and 8.120

¹⁴ 2 CFR §200.413(a)

¹⁵ 2 CFR §200.56

(d) Personnel and accounting administration.

Sec. 6.5.4. Reimbursement of indirect costs under federal awards is determined by an organization's indirect cost rate, which recipients negotiate with their cognizant agency. For public school districts, regional education service centers and open-enrollment charter schools or community schools, the Ohio Department of Education ("ODE") is the cognizant agency.

Sec. 6.5.5. The indirect costs for ODE subrecipients¹⁶ are computed using a ODE-approved restricted indirect cost rate. The indirect cost rates change annually and are effective for the pertinent fiscal year. The computation of indirect costs is subject to audit.

Sec. 6.5.6. As set forth in the pertinent grant requirements, federally and state funded grant programs may claim indirect costs provided that an indirect cost rate has been established and approved.

Sec. 6.6. Unallowable Costs.

Sec. 6.6.1. An unallowable cost is any cost that cannot be charged to the grant regardless of whether the cost is treated as direct or indirect.

Sec. 6.6.2. IDEA Cincinnati shall refund to the grantor agency any amounts received from a grant or other program that the grantor agency determines to be unallowable, either as direct or indirect costs, because the underlying activity or use of funds:

- (a) violated a statute, regulation or the terms and conditions of the grant or program, including any related use of funds to match the grant or program funding;
- (b) is not supported by adequate and contemporaneous original records; or
- (c) appears unreasonable and does not reflect the actions a prudent person would take in the circumstances.¹⁷

Sec. 6.7. Matching.¹⁸

For all Federal awards, any shared costs or matching funds and all contributions, including cash and third-party in-kind contributions, must be accepted as part of IDEA Cincinnati's cost sharing or matching when such contributions meet all of the following criteria:

- (a) Are verifiable from IDEA Cincinnati's records;
- (b) Are not included as contributions for any other Federal award;
- (c) Are necessary and reasonable for accomplishment of project or program objectives;
- (d) Are allowable under Subpart E—Cost Principles of 2 CFR 200;

¹⁶ 2 CFR §200.93

¹⁷ 2 CFR §§ 200.84 and 200.410

¹⁸ 2 CFR §200.306(b)

- (e) Are not paid by the Federal Government under another Federal award, except where the Federal statute authorizing a program specifically provides that Federal funds made available for such a program can be applied to matching or cost sharing requirements of other Federal programs;
- (f) Are funded in the approved budget when required by the Federal awarding agency; and
- (g) Conform to other provisions of 2 CFR 200, as applicable.

Sec. 6.7.1. Documentation.

The Delegates or designee shall ensure that all funds and in-kind services used as a match are accurately documented and that only funds or services directly benefiting the specific grant project will be counted as a match.

Sec. 6.7.2. Overall Match.

The Delegates or designee shall ensure that contributions are matched overall as opposed to category-for-category.

Sec. 6.7.3. Source of matching contributions.

Matching contributions may be made from any non-Federal source, including non-Federal grants. Matching or cost-sharing requirements may be satisfied by any necessary and reasonable costs paid by IDEA Cincinnati and verifiable in the accounting records; or the value of third-party in-kind contributions.

Sec. 6.8. Standards for Documentation of Personnel Expenses.

Sec. 6.8.1. Grant funds may be used, if allowed by the grant agreement, to pay all or part of the salaries and allowable fringe benefits of personnel who are directly working on the grant project.¹⁹

Sec. 6.8.2. The Delegates or designee shall ensure that state-funded and federally funded grants bear their fair share of cost. To support charges to payroll for personnel who spend time on a grant, the Delegates or designee shall prepare or cause to be prepared records that accurately reflect the work performed and that conform to all of the following requirements.²⁰

- (a) Are supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated.²¹
- (b) Are incorporated into IDEA Cincinnati's official records;²²

¹⁹ 2 CFR §§ 200.430(a) and 200.431(a)

²⁰ 2 CFR §200.430(i)

²¹ 2 CFR §200.430(i)(1)(i)

²² 2 CFR §200.430(i)(1)(ii)

- (c) Reasonably reflect the total activity for which an employee is compensated by IDEA Cincinnati, not exceeding 100% of compensated activities.²³
- (d) Encompass both federally-assisted and all other activities compensated by IDEA Cincinnati on an integrated basis.²⁴
- (e) Comply with IDEA Cincinnati's established accounting policies and practices.²⁵
- (f) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on: more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.

Sec. 6.8.3. For record keeping purposes, the Delegates or designee shall not use budget estimates (i.e., estimates determined before the services are performed) alone as these do not qualify as support for charges to Federal awards. Nonetheless, as appropriate and necessary, the Delegates or designee may use budget estimates for interim accounting purposes, provided that:

- (a) The system for establishing the estimates produces reasonable approximations of the activity actually performed;
- (b) Significant changes in the corresponding work activity are identified and entered into the records in a timely manner;²⁶
- (c) IDEA Cincinnati's system of internal controls includes processes to review after-the-fact interim charges made to a Federal award based on budget estimates; and
- (d) All necessary adjustments are made such that the final amount charged to the Federal award is accurate, allowable, and properly allocated.²⁷

Sec. 6.9. Supplement Not Supplant.

In accordance with applicable federal law for the pertinent federal grant program, the Delegates or designee shall ensure that IDEA Cincinnati uses federal grant funds to supplement and, not supplant, federal, state, and local funds, as applicable to the federal grant program.²⁸

²³ 2 CFR §200.430(i)(1)(iii)

²⁴ 2 CFR §200.430(i)(1)(iv)

²⁵ 2 CFR §200.430(i)(1)(v)

²⁶ Short term (such as one or two months) fluctuation between workload categories need not be considered as long as the distribution of salaries and wages is reasonable over the longer term.

²⁷ 2 CFR §200.430(i)(1)(viii)

²⁸ 20 USC §§ 1413(a)(2)(ii) and 6321(b)

Sec. 6.10. Cash Management.

The Delegates or designee shall issue payments for grant reimbursements on a monthly basis. Subsequently, the Delegates or designee shall draw down grant funds. The Delegates or designee shall maintain a record of all draw down requests and the corresponding costs charged to the grant program. See Appendix 2.

Sec. 7. OBLIGATION OF FUNDS.

Sec. 7.1. The Delegates or designee shall ensure that all encumbrances, expenses, and obligations of funds for federal programs occur on or after the effective date of the application and within the grant beginning and ending dates listed on the grant award.

Sec. 7.2. The Delegates or designee shall ensure that all goods are received and all services are rendered between the beginning and ending dates as specified in the grant award.

Sec. 7.3. When used in connection with IDEA Cincinnati’s utilization of funds under a Federal award, obligations means orders placed for property and services, contracts and subawards made, and similar transactions during a given period that require payment by IDEA Cincinnati during the same or a future period.²⁹

Sec. 7.4. From a federally-funded grant, IDEA Cincinnati makes obligations for various kinds of property and services as observed in the following table.³⁰

If the obligation is for	The obligation is made
Acquisition of real or personal property	On the date on which IDEA Cincinnati makes a binding written commitment to acquire the property.
Personal services by an IDEA Cincinnati employee	When the services are performed.
Personal services by a contractor who is not an IDEA Cincinnati employee	On the date on which IDEA Cincinnati makes a binding written commitment to obtain the services.
Performance of work other than personal services	On the date on which IDEA Cincinnati makes a binding written commitment to obtain the work.
Public utility services	When IDEA Cincinnati receives the services.
Travel	When the travel is taken.
Rental of real or personal property	When IDEA Cincinnati uses the property.
A pre-agreement cost that was properly approved by USDE or ODE under the cost principles in 2 CFR part 200, Subpart E	On the first day of the grant or subgrant performance period.

²⁹ 2 CFR § 200.71

³⁰ 34 CFR § 76.707

Sec. 8. APPROVAL OF FEDERAL EXPENDITURES.

Sec. 8.1. Requisitions.

The Delegates or designee shall approve requisitions through a work flow process and shall physically sign off on all direct invoices.

Sec. 8.2. Purchase Card Expenses.

The Delegates or designee shall review and approve all purchase card expenses on a monthly basis.

Sec. 8.3. Contracts.

The Delegates or designee shall approve all contracts.

Sec. 8.4. Invoices.

The Delegates or designee shall approve all invoices.

Sec. 9. METHODS OF PROCUREMENT.

If the content in this section conflicts with the corresponding requirements set forth in the Purchasing Policy, the requirements adopted in the Purchasing Policy shall prevail. This section should be updated to align with the corresponding requirements in the Purchasing Policy.

Sec. 9.1. Micro-Purchase Procedure – 2 CFR § 200.320(a).

The Delegates or designee may procure supplies (as defined in Sec. 3.18 of the Purchasing Policy) and other services (as defined in Sec. 3.8 of the Purchasing Policy) that have a cost or value of less than the Micro-Purchase Threshold established in Sec. 3.5 of the Purchasing Policy through the most expedient manner available yielding best value and demonstrating proper stewardship of federal funds. However, to the extent practicable, IDEA Cincinnati must distribute micro-purchases equitably among vendors. Additionally, if a purchase is made without soliciting competitive quotes, IDEA Cincinnati employees must document that the price was reasonable.

Sec. 9.2. Small Purchase Procedure – 2 CFR § 200.320(b).

The Delegates or designee shall solicit three or more quotes to procure supplies (as defined in Sec. 4.17 of the Purchasing Policy), personal property (as defined in Sec. 4.9 of the Purchasing Policy), or other services (as defined in Sec. 4.8 of the Purchasing Policy) that have a cost or value of no less than the Micro-Purchase Threshold established in Sec. 4.5 of the Purchasing Policy and no more than the Simplified Acquisition Threshold established in Sec. 4.16 of the Purchasing Policy.

Sec. 9.3. Sealed Bids – 2 CFR § 200.320(c).

Upon approval by the Board, as set forth in Sec. 6 of the Board's policy relating to its Authority Over Fiscal Matters, the Delegates or designee shall procure goods (as defined in Sec. 4.3 of the

Purchasing Policy) and other services (as defined in Sec. 4.8 of the Purchasing Policy) that have a cost or value exceeding the Simplified Acquisition Threshold established at Sec. 4.16 of the Purchasing Policy through the public solicitation of sealed bids if the following conditions apply:

- (a) A complete, adequate, and realistic specification or purchase description is available;
- (b) Two or more responsible bidders are willing and able to compete effectively for the business; and
- (c) The procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally on the basis of price.

If sealed bids are used, the following requirements apply:

- (a) Bids must be solicited from an adequate number of authorized vendors, providing them sufficient response time prior to the date set for opening the bids;
- (b) The invitation for bids, which will include any specifications and pertinent attachments, must define the items or services in order for the bidder to properly respond;
- (c) All bids will be opened at the time and place prescribed in the invitation for bids;
- (d) A firm fixed price contract award will be made in writing to the lowest responsive and responsible bidder; and
- (e) Any or all bids may be rejected if there is a sound documented reason.

Upon approval by the Board, the Delegates or designee shall award a firm fixed price contract to the lowest responsible bidder with the bid that conforms with all the material terms and conditions of the invitation for bids.

Sec. 9.4. Competitive Proposals – 2 CFR § 200.320(d).

If conditions are not appropriate for the use of sealed bids and upon approval by the Board, as set forth in Sec. 6 of the Board's policy relating to its Authority Over Fiscal Matters, the Delegates or designee shall procure goods (as defined in Sec. 3.3 of the Purchasing Policy) and services (as defined in Sec. 3.16 of the Purchasing Policy) that have a cost or value exceeding the Simplified Acquisition Threshold established at Sec. 3.15 of the Purchasing Policy through competitive proposals if the following requirements are met:

- (a) Requests for proposals must be publicized and identify all evaluation factors and their relative importance;
- (b) Any response to publicized requests for proposals must be considered to the maximum extent practical;
- (c) Proposals must be solicited from an adequate number of qualified sources;
- (d) IDEA Cincinnati must have a written method for conducting technical evaluations of the proposals received and for selecting recipients.

- (e) Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered; and
- (f) IDEA Cincinnati may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby competitors' qualifications are evaluated and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. The method, where price is not used as a selection factor, can only be used in procurement of A/E professional services. It cannot be used to purchase other types of services through A/E firms are a potential source to perform the proposed effort.

IDEA Cincinnati shall award either a fixed-price or cost-reimbursement type contract.

Sec. 9.5. Noncompetitive Proposals – 2 CFR § 200.320(f).

Upon approval by the Board, as applicable and as set forth in Sec. 6 of the Board's policy relating to its Authority Over Fiscal Matters, the Delegates or designee(s) may procure goods (as defined in Sec. 3.3 of the Purchasing Policy) through the solicitation of a proposal from only one source only when one or more of the following circumstances apply:

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

Sec. 10. REPORTING REQUIREMENTS.

With each grant received there are reporting requirements that must be met (if applicable).

- (a) Federal/State Grants – IDEA Cincinnati reports on expenses for Federal and State grants on a monthly basis through the drawdown process.
- (b) Philanthropic Grants – During the life of the grant grantors might request financial information from IDEA Cincinnati; this information is provided at the grantors request.

Sec. 11. BUSINESS OFFICE CHECK-INS.

The Delegates or designee shall conduct meetings with any officer or employee granted budgetary authority over a federal, state or philanthropic grant on a reoccurring basis to make sure all aspects of the grant, such as expenses, procurement and payroll, are being reviewed on a weekly, bi-weekly or monthly basis.

Sec. 12. TRAINING AND UPDATES.

The Delegates or designee shall properly train or ensure training is provided to IDEA Cincinnati officers and employees on the requirements of this policy and any administrative procedures adopted to

implement this policy. Additionally, the Delegates or designee shall keep IDEA Cincinnati officers and employees informed of any changes to this policy and related requirements.

Sec. 13. ADMINISTRATIVE PROCEDURES.

The Delegates shall formally adopt administrative procedures as reasonably necessary to properly administer this policy and to adhere to applicable law and rule. In doing so, the Delegates shall not adopt, and are prohibited from adopting, an administrative procedure that conflicts with applicable law or this policy. Accordingly, the Delegates shall confer with the Board or legal counsel before deviating from the requirements set forth in this policy. In the event that a deviation from this policy becomes necessary, the Delegates shall either recommend an amendment to this policy or the Board's approval of a specific deviation, including the purpose, scope and duration of the requested deviation.

Sec. 14. DATE ADOPTED AND EFFECTIVE.

As set forth in the pertinent minutes to the meeting of the Board, the Board adopted this policy on

_____.

Sec. 15. RETENTION.

This policy shall be retained until superseded, expired, or discontinued and for five (5) years thereafter.