

# THE NETWORK SCHOOLS FINANCIAL MANAGEMENT POLICY

## Table of Contents

7000	Goals .....	3
7100	Budget and Program Planning .....	4
7110	Budget Implementation and Execution .....	5
7120	Budget Adjustments .....	6
7200	Accounting System Design .....	7
7210	Fixed Assets and Management Discussion and Analysis (GASB Statement 34) .....	8
7215	Fund Accounting System (GASB Statement 54) .....	10
7218	Federal Grant Financial Management System .....	13
7220	Documentation and Approval of Claims .....	17
7225	Financial Fraud and Theft Prevention .....	18
7230	Financial Reporting and Audits .....	20
7235	Fiscal Accountability and IDEA Part B Funds .....	21
7235F1	Federal Funds Semi-Annual Certification Form .....	23
7235F2	Personnel Activity Report .....	24
7235F3	Multiple Cost Objective Time and Effort Certification .....	25
7235P	Written Compensation Procedure (Time and Effort) .....	26
7235PF1	Personnel Activity Report .....	28
7235PF2	Single Federal Award or Cost Objective .....	29
7236	Employees Paid with Federal Funds and Unexpected or Extraordinary Closures .....	30
7237	Retention of Records Relating to Federal Grants .....	31
7250	Records Retention .....	33
7260	Student Activity Fund .....	34
7270	Property Records .....	35
7300	Revenues .....	38
7310	Advertising in Schools/Revenue Enhancement .....	39
7320	Allowable Uses for Grant Funds .....	41
7320P1	Determining Necessity and Reasonableness of Expenses .....	43
7320P2	Selected Items of Cost .....	44
7400	Miscellaneous Procurement Standards .....	47
7400P1	Procurement Under a Federal Award .....	50

7400P2 Procurement Methods Under a Federal Award .....	52
7400P3 Requirements and Restrictions for Procurement Under a Federal Award – .....	54
Competition .....	54
7400P4 General Procurement Standards for Federal Awards.....	57
7403 Procurement of Goods and Services for School Meal Programs.....	59
7405 Public Works Contracting and Procurement .....	61
7405P Procuring Public Works, Services and Personal Property.....	63
7407 Public Procurement of Goods and Services.....	72
7408 Entering into Professional Service Contracts with Design Professionals, Construction Managers, and Professional Land Surveyors—The Request for Qualifications Procedure.....	74
7409 Acquisition of Real and Personal Property.....	77
7410 Petty Cash Funds.....	78
7420 Personal Reimbursements.....	79
7430 Travel Allowances and Expenses.....	80
7440 Credit/Debit Cards.....	82
7450 Federal Cash Management Policy.....	84
7450P1 Timely Obligation of Funds.....	86
7450P2 Program Income.....	88
7455 Federal Debarment and Suspension .....	89

# The Network Schools

## FINANCIAL MANAGEMENT

### 7000 Goals

Since educational programs are dependent on adequate funding and the proper management of those funds, The Network Schools' goals can best be attained through efficient fiscal management. As trustees of local, state and federal funds allocated for use in public education, the Board shall fulfill its responsibility to see that all funds are used to achieve the purposes intended in a cost effective manner.

The Network Schools recognizes the importance of ensuring education remains The Network Schools' primary focus; this can present a challenge in times of limited resources and funding. Incorporating the following three guidelines into Board operations and into all aspects of The Network Schools management and operations will help ensure The Network Schools remains focused on quality education:

1. Engaging in advance planning, with staff and community involvement, to develop budgets that will achieve the greatest educational returns in relation to dollars expended.
2. Establishing levels of funding which shall provide superior education for The Network Schools' students.
3. Providing timely and appropriate information to staff with fiscal responsibilities.
4. Establishing efficient procedures in all areas of fiscal management.

Legal Reference: I.C. § 33-701 et seq. Fiscal Affairs of School Districts

#### Policy History:

Adopted: 2/21/2011	Reviewed: 7/18/2016	Revised: 7/18/2016
	Reviewed: 4/22/2019	Revised: 4/22/2019

## The Network Schools

### FINANCIAL MANAGEMENT

#### 7100 Budget and Program Planning

The annual budget is evidence of the Board's commitment to the objectives of the instruction programs. The budget must support the immediate and long-range goals and established priorities within all areas: instructional, non-instructional and administrative programs.

Prior to the Executive Director's presentation of the proposed budget for Board adoption, the Executive Director shall prepare, for the Board's consideration, recommendations (with supporting documentation) which shall be designed to meet the needs of students within the limits of anticipated revenues.

Program planning and budget development shall provide for staff participation and the sharing of information with patrons prior to action by the Board.

Legal Reference: I.C. § 33-510      District Trustees  
                          I.C. § 33-801      Budget and Tax Levy

#### Policy History:

Adopted: 2/21/2011	Reviewed: 6/20/2016-7/18/2016	Revised: 7/18/2016
	Reviewed: 4/22/2019	Revised: 4/22/2019

## The Network Schools

### FINANCIAL MANAGEMENT

#### 7110 Budget Implementation and Execution

Once adopted by the Board, the operating budget shall be administered by the Executive Director and his/her designees. All actions of the Executive Director's and/or his/her designees in executing the programs and/or activities delineated in that budget are authorized according to these provisions:

1. Expenditure of funds for the employment and assignment of staff shall meet the legal requirements of the State of Idaho and adopted Board policies;
2. The District's fiscal year shall be a period of twelve (12) months commencing on the first day of July in each year; and
3. A listing of warrants describing goods and/or services for which payment has been made must be presented for Board approval each month.

Legal Reference: I.C. § 33-701  
I.C. § 33-801

Fiscal Affairs of School District  
Budget and Tax Levy

#### Policy History:

Adopted: 2/21/2011

Reviewed: 6/20/2016-7/18/2016  
Reviewed: 4/22/2019

Revised: 7/18/2016  
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## The Network Schools

### FINANCIAL MANAGEMENT

#### 7120 Budget Adjustments

Because of inherent limitations in the budgeting process, including changes in enrollment, changes in staff requirements, and changes in projected revenue, it may become necessary to modify the budget during the fiscal year. The Board may review The Network Schools' budget periodically and make appropriate changes to reflect availability of funds and the requirements of The Network Schools.

The Executive Director's proposed budget amendment must provide written notice of the same to each Board Member at least seven days in advance of the meeting at which such budget amendment will be proposed.

Prior to the final vote on a budget amendment proposal, notice shall be posted and published once in the manner prescribed by Idaho law. The meeting to adopt a budget amendment shall be open and shall provide opportunity for any taxpayer to appear and be heard. Budget procedures shall be consistent with statutory requirements.

With timely notice of a public meeting, Trustees, by 60 percent of the members of the Board of Trustees, may declare by resolution that a budget amendment is necessary to reflect the availability of funds and the requirements of The Network Schools. Budget amendments are specifically authorized by I.C. § 33-701.

Revenue derived from maintenance and operation levies made pursuant to I.C. § 33- 28 802(2) are excluded from budget adjustments.

Exceptions:

1. Salary and benefit transfers between buildings unless the transfer is to increase the total overall salary.
2. Special Revenue Funds are not included due to the lack of ability to adequately budget these funds until actual carryover from the prior year is calculated and until the State's comprehensive plans and requirements are complete.

Amended budgets shall be submitted to the State Superintendent of Public Instruction.

Legal Reference: I.C. § 33-701      Fiscal year – Payment and Accounting of Funds

#### Policy History:

Adopted: 2/21/2011

Reviewed: 6/20/2016-7/18/2016

Revised: 7/18/2016

Reviewed: 4/22/2019

Revised: 4/22/2019

## The Network Schools

### FINANCIAL MANAGEMENT

#### 7200 Accounting System Design

The Network Schools' accounting system shall be established to present with full disclosure the financial position and results of the financial operations The Network Schools' funds and account groups in conformity with Idaho State Board of Education requirements.

The accounting system must:

1. Be in compliance with the accounting system requirements established by legislative action;
2. Be able to demonstrate compliance with finance-related legal and contractual provisions;
3. Reflect the financial condition and operation of the district;
4. Follow generally accepted governmental accounting standards (GAGAS);
5. Provide budgetary control for both revenues and expenditures;
6. Classify revenues by fund source; and expenditures by fund, function, object, location and activity. Such classifications will permit reporting to governmental agencies on a basis consistent with the requirement of the Idaho Department of Education and the U.S. Department of Education.

Legal Reference: I.C. § 33-120	Uniform Reporting
I.C. § 33-701	Fiscal Affairs of School Districts
I.C. § 33-704	Warrants Not Presented Within Two Years Void

#### Policy History:

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## The Network Schools

### FINANCIAL MANAGEMENT

#### 7210 Fixed Assets and Management Discussion and Analysis (GASB Statement 34)

The Board of Directors recognizes the need to implement the required accounting and financial reporting standards set out in Governmental Accounting Standards Board Statement 34 ("GASB 34").

The primary objectives of implementing the GASB 34 are to assure compliance with state requirements, and to properly account for both the financial and economic resources and to provide new and additional information to users of The Network Schools' financial statements.

##### Authority

Participation of and reporting shall be in accordance with Board policy and State of Idaho Fiscal Policies manuals as prepared by the office of the State of Idaho Controller's Office and GASB 34.

##### Delegation of Responsibility

The responsibility to coordinate the compilation and preparations of all information necessary to implement this policy is delegated to the Executive Director in cooperation with the Accountant.

The designated individual shall be responsible for implementing the necessary procedures to establish and maintain a fixed asset inventory, including depreciation schedules. Depreciation shall be computed on a straight-line basis over the useful lives of the assets, using an averaging convention. Normal maintenance and repairs shall be charged to expense as incurred; major renewals and betterments that materially extend the life or increase the value of the asset shall be capitalized. A schedule of accumulated depreciation shall be consistent from year to year. The basis for depreciation, including groups of assets and useful lives, shall be in writing and submitted for review to the Board of Directors.

The Executive Director in cooperation with The Network Schools' Accountant shall prepare the required Management Discussion and Analysis (MD&A). The MD&A shall be in the form required by GASB Statement 34 and shall be submitted to the Board for approval, prior to publication.

Prior to submission of the MD&A for Board approval, the independent auditors shall review the MD&A, in accordance with Statements on Auditing Standards (SAS) No. 52, "Required Supplementary Information."

##### Guidelines

In order to associate debt with acquired assets, and to avoid net asset deficits, any asset that has been acquired with debt proceeds shall be capitalized, regardless of the cost of the asset. Any assets capitalized should be depreciated using their estimated useful life, not their amortization schedule.

For all other assets not acquired by debt proceeds, the dollar value of any single item for inclusion in the fixed assets accounts shall be not less than \$5,000. The capitalization threshold shall be set at a level that will capture at least 80% of all fixed assets.



The assets listed below do not normally individually meet capitalization threshold criteria:

1. Library books;
2. Classroom texts;
3. Computer equipment; and
4. Classroom furniture.

These asset category costs shall be capitalized and depreciated as groups when that group's acquisition cost exceeds the capitalization threshold in any given fiscal year.

For group asset depreciation purposes, the estimated useful life of the group may be based on the weighted average or simple average of the useful life of individual items, or on an assessment of the life of the group as a whole. Periodically, the intermediate unit shall review the estimated life of groups of assets and adjust the remaining depreciation life of the group.

Assets that fall below the capitalization threshold for GASB 34 reporting purposes may still be significant for insurance, warranty service, and obsolescence/replacement policy tracking purposes. The intermediate unit may record and maintain these non-GASB 34 asset inventories in subsidiary ledges.

Legal Reference: Governmental Accounting Standards Board ("GASB") Statement No. 34

Policy History:

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Reviewed: 6/15/2020

Revised: 6/15/2020

## The Network Schools

### FINANCIAL MANAGEMENT

#### 7215 Fund Accounting System (GASB Statement 54)

To enhance the usefulness of fund balance information, The Network Schools will provide clear fund balance classifications and use fund type definitions consistently.

The policy is designed to encourage consideration of unanticipated events that could adversely affect the financial condition of The Network Schools and jeopardize the continuation of necessary public services. The Network Schools should maintain adequate fund balances and reserves in order to:

1. Provide sufficient cash flow for daily financial needs;
2. Secure and maintain investment grade bond ratings;
3. Offset significant economic downturns or revenue shortfalls; and
4. Provide funds for unforeseen expenditures related to emergencies.

#### Fund Types

The accounts of The Network Schools are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund is accounted for by providing a separate set of self-balancing accounts. The following funds are maintained by The Network Schools:

1. The General Fund is used to account for all financial resources not accounted for and reported in another fund;
2. Special Revenue Funds are used to account and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects;
3. Debt Service Funds are used to account for all financial resources restricted, committed, or assigned to expenditure for principle and interest;
4. Capital Projects Funds or Plant Facilities Funds are used to account for all financial resources restricted, committed, or assigned to expenditure for the acquisition or construction of capital assets.
5. Permanent Funds are used to account for resources restricted to the extent that only earnings, and not principle, may be used for purposes that support The Network Schools' purposes.

#### Fund Balance Reporting in Governmental Funds

The following definitions will be used in reporting activity in The Network Schools' governmental funds. The Network Schools may or may not report all fund types in any given reporting period, based on actual circumstances and activity.

1. **Non-spendable Fund Balance:** Includes amounts that cannot be spent because they are either:
  - A. Not in spendable form; or
  - B. Legally or contractually required to be maintained intact.
2. **Restricted Fund Balance:** Includes amounts that can be spent only for the specific purposes stipulated by The Network Schools policy, external resource providers, or through federal regulations or State laws or rules.
3. **Committed Fund Balance:** Includes amounts that can be used only for the specific purposes determined by a formal action of the Board.
4. **Assigned Fund Balance:** Includes amounts intended to be used by The Network Schools for specific purposes, but do not meet the criteria to be classified as restricted or committed. In funds other than the general fund, the assigned fund balance represents the remaining amount that is not restricted or committed.

*Authority to Assign:* The Board delegates to the Executive Director or designee the authority to assign amounts to be used for specific purposes. Such assignments cannot exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund.

5. **Unassigned Fund Balance:** Includes the residual classification for The Network Schools' general fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification should be used only to report a deficit balance from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

#### Prioritization of Fund Balance Use

The Board's primary role in adopting this policy is to identify the order of spending unrestricted resources and to acknowledge that the Board is the ultimate decision making authority with regard to committing balances upon recommendation of the Executive Director or designee.

If the Board chooses not to adopt a policy addressing the order of spending, the default approach of reducing restricted, then committed, then assigned, then unassigned fund balances will be used.

#### **Guidelines:**

**Classifying Fund Balance Amounts:** Fund balance classifications depict the nature of the net resources that are reported in a fund. An individual fund may include non-spendable resources and amounts that are restricted, committed, or assigned, or any combination of those classifications. The general fund may also include an unassigned amount.

**Encumbrance Reporting:** Encumbering amounts for specific purposes for which resources have already been restricted, committed, or assigned should not result in separate display of encumbered amounts. Encumbered amounts for specific purposes for which amounts have not been previously restricted, committed, or assigned, will be classified as committed or assigned, as appropriate, based on the definitions and criteria set forth above.

**Replenishing Deficiencies:** When the fund balance falls below the minimum range, The Network

Schools will replenish the shortage or deficiency using the budget strategies and timeframes described below.

The following budgetary strategies shall be utilized by The Network Schools to replenish funding deficiencies:

1. The Network Schools will reduce recurring expenditures to eliminate any structural deficit;  
or
2. The Network Schools will increase revenues or pursue other funding sources; or
3. Some combination of the two options above.

Minimum fund balance deficiencies shall be replenished within the following time periods:

1. Deficiency resulting in a minimum fund balance between **(12.5 percent)** and **(15 percent)** shall be replenished over a period not to exceed one year;
2. Deficiency resulting in a minimum fund balance between **(10 percent)** and **(12.5 percent)** shall be replenished over a period not to exceed three years; and
3. Deficiency resulting in a minimum fund balance of less than **(10 percent)** shall be replenished over a period not to exceed five years.

**Surplus fund balance:** Should unassigned fund balance of the General Fund ever exceed the range, The Network Schools will consider such fund balance surpluses for one-time expenditures which are nonrecurring in nature and which will not require additional future expense outlays for maintenance, additional staffing, or other recurring expenditures.

**Implementation and Review:** The Board authorizes the Executive Director or designee to establish any standards and procedures which may be necessary for its implementation. The Executive Director or designee shall review this policy and any procedures regarding its implementation annually or as needed and make any recommendations for changes to the Board.

The Executive Director or designee shall provide accounting procedures for the receipt, deposit, expenditure, and withdrawal of such moneys and procedures for monthly reporting to the Board of the transactions, assets, liabilities, and fund balance for each such fund.

Legal Reference: I.C. § 33-701 et seq. Fiscal Affairs of School Districts

Other Reference: Governmental Accounting Standards Board ("GASB") Statement No. 54

Policy History:

Adopted on: 6/15/2020

## The Network Schools

### FINANCIAL MANAGEMENT

#### 7218 Federal Grant Financial Management System

The Network Schools maintains a proper financial management system in order to receive both direct and state-administered grants and to expend funds associated with a grant award. Certain fiscal controls and procedures must be in place to ensure that all financial management system requirements are met.

#### Idaho Financial Reporting Management System (IFARMS)

IFARMS provides the basis for complete financial and cost accounting, for the development of program budgets, and for the preparation of periodic financial reports. The uniformity of the system enables The Network Schools to fulfill state requirements and provides the flexibility to obtain program and account detail to meet management needs.

#### Financial Management Standards

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

1. **Identification:** The Network Schools shall 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 the information described below under “Overview of the Financial Management/Accounting System.”
2. **Financial Reporting:** Accurate, current, and complete disclosure of the financial results of each federal award or program will be made in accordance with the financial reporting requirements set forth in the Education Department General Administrative Regulations (EDGAR).
3. **Accounting Records:** The Network Schools shall maintain records that adequately identify the source and application of funds provided for federally-assisted activities. These records will contain information pertaining to grant or subgrant awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest, and be supported by source documentation.
4. **Internal Controls:** Effective control and accountability shall be maintained for all funds, real and personal property, and other assets. The Network Schools shall adequately safeguard all such property and shall assure that it is used solely for authorized purposes.  
“Internal controls” are tools to help program and financial managers achieve results and safeguard the integrity of their program. Internal controls should be designed to provide reasonable assurance that the following objectives are achieved:
  - A. Effectiveness and efficiency of operations;
  - B. Adequate safeguarding of property;

- C. Assurance property and money is spent in accordance with grant program and to further the selected objectives; and
  - D. Compliance with applicable laws and regulations.
5. **Budget Control:** Actual expenditures or outlays shall be compared with budgeted amounts for each federal award.
  6. **Cash Management:** The Network Schools shall maintain written procedures to implement the cash management requirements found in EDGAR. See Policy 7450.
  7. **Allowable Costs:** The Network Schools shall maintain written procedures for determining allowability of costs in accordance with EDGAR. See Policy 7320 and Procedure 7320P.

#### Overview of the Financial Management/Accounting System

The Network Schools' accounting system is established to present, with full disclosure, the financial position and results of the financial operations of The Network Schools in conformity with generally accepted accounting principles. Skyward is the accounting system currently used as of July 1, 2019. The system is in compliance with IFARMS, as required by Idaho statute. IFARMS shall be used as the basis for developing program budgets and the preparation of periodic financial reports. The Network Schools' Business Manager shall be responsible for managing budgets and accounts payable. As required by 34 CFR 200.302, The Network Schools shall maintain on file award letters that include Catalog of Federal Domestic Assistance (CFDA) titles and numbers, federal award identification numbers and years, names of the federal awarding agencies, and the name of the State Department of Education or any other applicable pass-through entity for any other applicable award. The funds are given unique identification numbers in the IFARMS system.

The Business Manager shall be responsible for preparing financial reports, as required for local, state, and federal agencies, for review and approval by the Board of Directors. The financial reports shall reflect the financial activity and status of The Network Schools. These reports shall include monthly and cumulative expenditures, program budgets, and balances remaining.

#### Budgeting

**The Planning Phase: Meetings and Discussions: Before Receiving the Grant Award Notice (GAN):** The Executive Director, assisted by the Business Manager, shall be responsible for initial federal grant budget development. Initial budget development shall be based upon estimates of federal program award amounts as provided by the State Department of Education, as well as input from program and Administrative Staff with respect to individual program staff needs, number and assignments of paraprofessionals relative to program allocations, and need for instructional supplies and equipment. The primary considerations of initial budget development shall be the educational needs of students and the availability of existing The Network Schools resources for meeting these needs.

Budgets shall be prepared and presented in a format that clearly identifies revenue sources and amounts and budgeted expenditures, in accordance with IFARMS accounting codes, and shall be open for public inspection.

The Executive Director shall present the proposed budget to the Board for final approval of the budget and the policies reflected therein, such as proposed changes or additions to instructional programs and proposed salary schedules. Consideration of the proposed budget shall take place in an open meeting with opportunity for public comment. The approved budget shall be included

in the minutes of the Board as documentation of its acceptance and approval.

**After Receiving the GAN:** If the Executive Director determines that final program allocations necessitate revisions to program budgets, he or she, assisted by the Business Manager with input from federal programs staff, shall discuss, review, and propose budget revisions. If proposed revisions require amendment proposals, the Executive Director will follow protocols of the amendment process.

**Amending the Budget:** The Executive Director shall review and approve any necessary budget amendments and shall submit those amendments to the Board at least seven days in advance of the meeting at which the amendment will be considered. The Board shall have final approval of the amended budget and consideration of the proposed budget shall take place in an open meeting with opportunity for public comment. The approved amended budget shall be included in the minutes of the Board of Directors as documentation of its acceptance and approval.

**Budget Control:** The Business Manager shall prepare monthly financial reports that monitor budget performance by comparing actual to budgeted revenues and expenditures. Monthly financial reports indicate budgeted amounts, monthly expenditures, year-to-date-expenditures and percentage of budget spent. The Executive Director shall review these reports for the preceding month prior to presentation to the Board.

#### Accounting Records

The Business Manager shall be responsible for the maintenance of accounting records. Electronic accounting records are maintained in The Network Schools' accounting system and paper records are maintained on file in The Network Schools office. All accounting records shall be reviewed by The Network Schools' Executive Director and, where appropriate and required, the Board. The Network Schools chart of accounts and financial reports shall be established and maintained in accordance with Generally Accepted Accounting Principles (GAAP) and IFARMS, as required by Idaho Code. Accounting records shall be available for public inspection at any time.

#### Spending Grant Funds

In determining what items will be included in individual program budgets, the Business Manager and the Executive Director will follow the federal cost principles and individual program statutes and regulations, as the basis for determining whether individual expenditures are allowable.

While developing and reviewing the grant budget, The Network Schools will keep in mind the difference between direct costs and indirect costs.

#### **Direct and Indirect Costs:**

1. **Determining Whether a Cost is Direct or Indirect:** Direct costs are those costs that can be identified specifically with a particular final cost objective, such as a federal award, or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy.

Indirect costs are those that have been incurred for a common or joint purpose benefiting more than one cost objective, and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved.

Costs incurred for the same purpose in like circumstances shall be treated consistently as either direct or indirect costs.

Identification with the federal award rather than the nature of the goods and services involved is the determining factor in distinguishing direct from indirect costs of Federal awards. Typical costs charged directly to a Federal award are the compensation of employees who work on that award, their related fringe benefit costs, the costs of materials, and other items of expense incurred for the Federal award.

The salaries of administrative and clerical staff shall normally be treated as indirect costs. Direct charging of these costs may be appropriate only if all of the following conditions are met:

- A. Administrative or clerical services are integral to a project or activity;
- B. Individuals involved can be specifically identified with the project or activity;
- C. Such costs are explicitly included in the budget or have the prior written approval of the federal awarding agency; and
- D. The costs are not also recovered as indirect costs.

2. **Indirect Cost Rate:** It is at the discretion of The Network Schools to use the indirect cost rate. It is the normal policy of The Network Schools not to take indirect costs on federal awards. If The Network Schools elects to take indirect costs, it shall follow the procedures for calculating the indirect cost rate prescribed by the State Department of Education and apply the policies and procedures outlined in the federal regulations as described below.
3. **Applying the Indirect Cost Rate:** Once The Network Schools has an approved indirect cost rate, the percentage is multiplied against the actual direct costs (excluding distorting items such as equipment, contracts in excess of \$30,000, pass-through funds, etc.) incurred under a particular grant to produce the dollar amount of indirect costs allowable to that award.

Once The Network Schools applies the approved rate, the funds that may be claimed for indirect costs have no federal accountability and may be used as if they were non-federal funds. For direct grants, reimbursement of indirect costs is subject to the availability of funds and statutory or administrative restrictions.

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

Cross Reference: Financial Management 7230 Financial Reporting and Audits

Legal Reference:	2 C.F.R. Subpart D	Post Federal Award Requirements
	2 C.F.R. § 200.56	Indirect (Facilities & Administrative (F&A)) Costs
	2 C.F.R. § 200.413	Direct Costs
	34 C.F.R. § 75.564	Reimbursement of Indirect Costs
	34 C.F.R. § 76.569	Using the Restricted Indirect Cost Rate

Policy History:

Adopted:	4/22/2019	Reviewed:	6/15/2020	Revised:	6/15/2020
		Reviewed:	3/15/2021	Revised:	3/15/2021



## The Network Schools

### 7220 Documentation and Approval of Claims

The Executive Director or designee and the Accountant must document all financial obligations and disbursements in compliance with applicable statutory provisions and audit guidelines. The documentation will specifically describe acquired goods and/or services, the budget appropriations applicable to payment, and the required approvals. All purchases, encumbrances and obligations, and disbursements must be approved by the Executive Director or designee designated with the authority, responsibility and control over the budget appropriations. The responsibility for approving these documents should not be delegated.

The Network Schools' business office will develop procedures and forms for use in the requisition, purchase and payment of claims.

#### Policy History:

Adopted: 2/21/2011

Reviewed: 6/20/2016-7/18/2016

Revised: 7/18/2016

Reviewed: 4/22/2019

Revised: 4/22/2019

## The Network Schools

### FINANCIAL MANAGEMENT

#### 7225 Financial Fraud and Theft Prevention

All Network Schools employees, Board members, consultants, vendors, contractors and other parties maintaining a business relationship with The Network Schools shall act with integrity and due diligence in matters involving The Network Schools fiscal resources.

The Executive Director shall be responsible for developing internal controls designed to prevent and detect fraud, financial impropriety or fiscal irregularities within The Network Schools. Every member of The Network Schools' Administrative Staff shall be alert for any indication of fraud, financial impropriety or irregularity within his/her areas of responsibility.

The Executive Director shall investigate reports of fraudulent activity in a manner that protects the confidentiality of the parties and the facts. All employees involved in the investigation shall be advised to keep information about the investigation confidential.

#### Staff Responsibilities

Any employee who suspects that financial fraud, impropriety or irregularity has occurred shall immediately report those suspicions to their immediate supervisor and/or the Executive Director/designee who shall have the primary responsibility for initiating necessary investigations. Additionally, the Executive Director shall coordinate investigative efforts with The Network Schools' legal counsel, auditing firm and other internal or external departments and agencies, including the county prosecutor's office and law enforcement officials, as the Executive Director may deem appropriate.

In the event the concern or complaint involves the Executive Director, the concern shall be brought to the attention of the Chairman of the Board who is hereby empowered to contact The Network Schools' legal counsel, auditing firm and any other agency to investigate the concern or complaint.

#### Definition

As used in this policy, "fraud" refers to intentionally misrepresenting, concealing or misusing information in an attempt to commit fiscal wrongdoing. Fraudulent actions include, but are not limited to:

1. Behaving in a dishonest or false manner in relation to The Network Schools assets, including theft of funds, securities, supplies or other Network Schools properties;
2. Forging or altering financial documents or accounts illegally or without proper authorization;
3. Improper handling or reporting of financial transactions;
4. Personally profiting as a result of insider knowledge;
5. Disregarding confidentiality safeguards concerning financial information;
6. Violating Board conflict of interest policies;
7. Mishandling financial records of The Network Schools assets (destroying, removing or misusing).

Internal Controls

Appropriate internal controls will be established by the Executive Director/designee in order to maintain a financial system that promotes ethical financial activity.

Policy History:

Adopted: 7/18/2016

Reviewed: 4/22/2019

Revised: 4/22/2019

## The Network Schools

### FINANCIAL MANAGEMENT

#### 7230 Financial Reporting and Audits

The Board directs that financial reports of all The Network Schools funds shall be prepared in compliance with statutory provisions and Generally Accepted Accounting Principles (GAAP) and financial reporting standards. In addition to the reports required for local, state, and federal agencies, financial reports will be prepared monthly and annually and presented to the Board. The financial reports shall reflect the financial activity and status of The Network Schools funds.

Appropriate interim financial statements and reports of financial position, operating results and other pertinent information will be prepared to facilitate management control of financial operations.

The Board directs that The Network Schools audits shall be conducted in accordance with Idaho code § 67-450B.

Within ten (10) days after receiving the audit from The Network Schools' independent auditor, the school district shall file two (2) copies of the completed audit report with The Network School's charter authorizer.

The report shall be filed with the State Department of Education after its acceptance by the board not later than November 10. A copy of the audit report shall also be provided to any other governmental entity that may, from time to time, require provision of the audit report.

Legal Reference: I.C. § 33-701	Fiscal year – Payment and Accounting of Funds
I.C. § 67-450B	Independent Financial Audits by Government Entities
I.C. § 67-2346	Open Public Meetings – Definitions

#### Policy History:

Adopted: 2/21/2011	Reviewed: 6/20/2016-7/18/2016	Revised: 7/18/2016
	Reviewed: 4/22/2019	Revised: 4/22/2019
	Reviewed: 3/15/2021	Revised: 3/15/2021

## The Network Schools

### FINANCIAL MANAGEMENT

#### 7235 Fiscal Accountability and IDEA Part B Funds

The Network Schools must ensure fiscal accountability at each phase in the use of Individuals with Disabilities Education Act (IDEA) Part B funds. The purpose of this policy is to ensure that The Network Schools complies with the State Department of Education requirements described in the Idaho State Department of Education IDEA Funding Manual.

##### Use of IDEA Part B Funds

The Network Schools shall use IDEA funds only to pay excess costs of providing special education and related services to children with disabilities. A cost is determined to be an excess cost of providing special education only if it meets each of the following criteria:

1. The cost would not exist in the absence of special education needs;
2. The cost is not also generated by students without disabilities; and
3. If the cost is specific to a particular child, it is documented if that child is on an Individual Education Plan (IEP).

The Board directs the Executive Director to establish procedures and internal controls to ensure that IDEA Part B funds are used only for allowable, excess costs of providing special education and that these costs are accounted for in the proper function/program codes described in 34 CFR 300.202-205. These procedures and controls shall also ensure the accuracy of The Network Schools' Excess Cost Calculation, as required by 34 C.F.R. 300.16 and Appendix A to 34 C.F.R.300.

The Special Education Director and the Business Manager approve all IDEA Part B expenditures (PO, invoices) following the process described in the written procedures for determining allowability of cost (cost principles).

##### Time and Effort Reporting

Charges to federal awards for salaries and wages must be based on records that accurately reflect the work performed. In order to determine if personnel costs are allowable under IDEA Part B, The Network Schools shall maintain auditable "time and effort" documentation that shows how each employee paid with IDEA Part B funds spent his or her compensated time. Such work shall be documented on the time and effort forms. The form shall be kept for employees paid in full or in part with federal funds or whose salary is used to meet a matching requirement in a federal program. Such documents are written reports of how the time was spent.

The Board directs the Executive Director to establish a system for time and effort reporting that complies with the requirements of OMB Circular A-87 and OMB Circular A-133 and with the 7235P Written Compensation Procedure.

##### Maintenance of Effort

In order to ensure that the requirement of Maintenance of Effort is met, the Board directs the Executive Director to establish a means of tracking and reporting local expenditures separate

from the expenditure of State funds. This is to be done for the purpose of verifying that local funds are used for special education expenditures.

### Property Procurement and Tracking

The Board directs the Executive Director to establish written procedures to ensure that The Network Schools' mechanism for procurements using IDEA Part B funds conforms to the standards outlined in 34 C.F.R. 80.36 and with Policy 7400 Miscellaneous Procurement Standards and any related procedures. The Board also directs the Executive Director to establish a system to maintain adequate inventory management of property purchased with IDEA Part B funds.

Property records in the inventory management system should include, at a minimum:

1. Property description;
2. Identification number;
3. Source of funding;
4. Acquisition date and cost;
5. The location, use, and condition of the property; and
6. Any ultimate disposition data including the date of disposal and sale price of the property.

In addition to the above information, the inventory management system should ensure that all source documents in support of the above information are maintained throughout the life and disposition of the equipment. These records should be updated frequently so that every piece of equipment purchased with federal funds can be accounted for at any given time.

Cross Reference: Financial Management 7400 Miscellaneous Procurement Standards

Legal Reference: 2 C.F.R. § 200.430	Compensation - Personal Services
	Children with Disabilities Enrolled by Their Parents in Private Schools
34 C.F.R. § 300.16	Excess Costs
34 C.F.R. § 300.202	Use of Amounts
34 C.F.R. § 300.203	Maintenance of Effort
34 C.F.R. § 300.204	Exception to Maintenance of Effort
34 C.F.R. § 300.205	Adjustment to Local Fiscal Efforts in Certain Fiscal Years
34 C.F.R. Appendix A to Part 300	Excess Costs Calculation
	Fiscal Accountability Checklist: For Sub-Recipients of IDEA Part B Funds
OMB Circular A-87	Cost Principles for State, Local, and Indian Tribal Governments
OMB Circular A-133	Audits of States, Local Governments, and Non-Profit Organizations

Other Reference: Idaho State Department of Education, *IDEA Part B Funding Manual* (Rev. Jan 25, 2018) (available at: <https://www.sde.idaho.gov/sped/funding/files/application/resource/IDEA-Part-B-Funding-Manual.pdf>) (last accessed Dec. 3, 2019).

### Policy History:

Adopted: 4/22/2019      Reviewed: 6/15/2020      Revised: 6/15/2020

**The Network Schools**

**FINANCIAL MANAGEMENT**

**7235F1 Federal Funds Semi-Annual Certification Form**

Employee: \_\_\_\_\_ Position: \_\_\_\_\_

Reporting Period: \_\_\_\_\_

Cost Objective (Program Activity)	Grant Program	Fund Code – Function Code	Distribution of Time (Percentage of Hours)

Employee's Signature: \_\_\_\_\_ Date: \_\_\_\_\_

I hereby certify this report is an accurate representation of the total activity expended during the period indicated.

Reviewed by Supervisor: \_\_\_\_\_ Date: \_\_\_\_\_

Form History:

Adopted: 4/22/2019

Reviewed:

Revised:





**The Network Schools**

**FINANCIAL MANAGEMENT**

**7235F3 Multiple Cost Objective Time and Effort Certification**

Employee: \_\_\_\_\_ Position: \_  
\_\_\_\_\_

Reporting Period: \_\_\_\_\_

Cost Objective (Program Activity)	Grant Program	Fund Code – Function Code	Distribution of Time (Percentage of Hours)

Employee's Signature: \_\_\_\_\_ Date: \_\_\_\_\_

I hereby certify this report is an accurate representation of the total activity expended during the period indicated.

Reviewed by Supervisor: \_\_\_\_\_ Date: \_\_\_\_\_

Form History:

Adopted: 4/22/2019 Reviewed: Revised:

## The Network Schools

### FINANCIAL MANAGEMENT

#### 7235P Written Compensation Procedure (Time and Effort)

##### Time and Effort Standards

All employees who are paid in full or in part with federal funds must keep specific documents to demonstrate the amount of time they spent on grant activities. This includes an employee whose salary is paid with State or local funds but is used to meet a required “match” in a federal program. These documents, known as time and effort records, are maintained in order to charge the costs of personnel compensation to federal grants.

The Network Schools’ records will accurately reflect the work performed. These records must:

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

##### Time and Effort Procedures

Federal programs staff work in multiple programs and are paid from multiple federal awards. The initial budget for program personnel is determined according the relative percentage of the total of allocations of programs in which the staff member works. Each pay period, the staff member’s salary and benefits are calculated and paid according to those initial budget percentages.

At the end of each quarter, the staff member will submit a certification of actual hours worked in each federal program during that quarter. The certification will be signed by the employee and by the business manager or other Network Schools staff with after-the-fact knowledge of the employee’s activities.

The Business Manager will reconcile the certification of actual work performed to budgeted amounts and will make corresponding journal entries that reflect actual hours worked in and allowable activities of each federal program.

If an employee works exclusively in a single federal program, that employee will, at least semi-annually complete Form 7235F1 Federal Funds Semi-Annual Certification Form. The form must be completed at least twice each year and signed by the employee and staff member with after-the-fact knowledge of the employee’s activities.

Federal programs staff who work in multiple programs and are paid from multiple federal awards

with no fixed schedule shall complete a Form 7235F2 Personnel Activity Report.

Positive Time Reporting

The Network Schools may generate a time and effort report directly from the financial management system.

Procedure History:

Promulgated: 4/22/2019

Reviewed:

Revised:

**The Network Schools**

**FINANCIAL MANAGEMENT**

**7235PF1 Personnel Activity Report**

Employee Name: \_\_\_\_\_

Employee SSN: *(Optional)* \_\_\_\_\_

		Percentage of Time Worked by Activity					
Month	Year	Work Activity #1	Work Activity #2	Work Activity #3	Work Activity #4	Work Activity #5	TOTAL % of Time Worked

The signature(s) below certifies this employee performed activities reflected in the attached log as distributed in the above percentages during the month specified.

\_\_\_\_\_  
Signature of Employee

\_\_\_\_\_  
Date

\_\_\_\_\_  
Position Title

\_\_\_\_\_  
Job Location/School Name

\_\_\_\_\_  
Signature of Supervisor *(Optional)* Date

\_\_\_\_\_

This certification is in support of the Time Reporting requirements consistent with SDE Recommended Tracking: "Where employees work on multiple activities or cost objectives, a distribution of wages will be supported by personnel activity report..."

Other Reference: Idaho SDE IDEA Part B Funding Manual.

Procedure History:

Promulgated: 4/22/2019

Reviewed:

Revised:

**The Network Schools**

**FINANCIAL MANAGEMENT**

**7235PF2 Single Federal Award or Cost Objective**

This form is required to be signed twice annually by the employee(s) paid solely from a single federal fund, (for example, Title I, Title II, IDEA Part B, etc.) or who work solely on a single cost objective and should be available for audit and monitoring reviews.

SDE Recommended Tracking states “where employees are expected to work solely on a single federal award or cost objective charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on the program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee and supervisory official having first-hand knowledge of the work performed by the employee.”

I, \_\_\_\_\_, \_\_\_\_\_  
(Name) (Title)

certify that 100% of my time has been spent performing duties associated with

\_\_\_\_\_

for the period of (July 1 through December 31) or (January 1 through June 30) of the current year. (Underline or circle the correct period)

Employee Signature \_\_\_\_\_

Date \_\_\_\_\_

Supervisorf Signature \_\_\_\_\_

Date \_\_\_\_\_

*\*Insert the name of the federal award or cost objective. Cost objectives could include special education, IDEA Part B Maintenance of Effort Preschool program, etc.*

Other Reference: Idaho SDE IDEA Part B Funding Manual

Form History:

Adopted: 4/22/2019

Reviewed:

Revised:



## **The Network Schools**

### **FINANCIAL MANAGEMENT**

#### **7237 Retention of Records Relating to Federal Grants**

The Board directs the Executive Director to ensure that fiscal records related to federal grants are retained for a minimum of six years from the obligation of funds. These records shall be available for inspection if required.

##### Procedures

The Network Schools shall maintain records that fully show:

1. The amount of funds under the grant or subgrant;
2. How the subgrantee uses those funds;
3. The total cost of each project;
4. The share of the total cost of each project provided from other sources;
5. Other records to facilitate an effective audit; and
6. Other records to show compliance with federal program requirements.

The Network Schools shall also maintain records of significant project experiences and results. These records and accounts shall be retained and made available for programmatic or financial audits.

In accordance with State Department of Education record retention policy 4.16.02 Administration of Federal Grant Program, The Network Schools shall maintain all fiscal and programmatic records relating to federal grants for a minimum of five years and one additional audit.

The Network Schools will destroy paper records by shredding only. In the event of the disposal of computers or electronic equipment that may contain confidential student or personnel records, The Network Schools will ensure that hard drives are appropriately “wiped” clean of information prior to disposal.

The Network Schools shall retain records based on the schedule provided in Policy 8605.

##### Collection and Transmission of Records

The Network Schools shall maintain electronic records in the accounting system, and paper records shall be maintained in The Network Schools office under the supervision of the Business Manager or designee. The Clerk will have authorized access as directed. Electronic and/or paper records shall be provided to awarding agencies to meet reporting requirements and to auditors and monitors, as appropriate and required. Records that are kept electronically may be transmitted electronically as allowed by 2 CFR 200.335.

##### Access to Records

The Network Schools shall provide the awarding agency, Inspectors General, the Comptroller General of the United States, and the pass-through entity, or any of their authorized representatives, the right of access to any documents, papers, or other records of The Network Schools which are pertinent to the Federal award, in order to make audits, examinations,

excerpts, and transcripts. The right also includes timely and reasonable access to The Network Schools' personnel for the purpose of interview and discussion related to such documents.

Privacy

Access to the accounting system, personnel files, the Student Management System, confidential student files, Special Education IEP files shall be password protected in the case of electronically maintained records and kept in locked filing cabinets in the case of paper records. These records are maintained under the supervision of the Executive Director and the Business Manager, or Federal Programs Director with exclusive access to paper files and passwords for electronic systems. The Network Schools Clerk may also have access to these records. Employees shall be trained in the requirements of the Family Educational Rights and Privacy Act (FERPA). If a request for confidential information is received from a source not having clear authority under FERPA or other statute, The Network Schools shall consult appropriate legal counsel prior to providing records.

Legal Reference: 34 C.F.R. § 76.730-.731  
34 C.F.R. § 75.730-.731  
34 C.F.R. § 75.732  
2 CFR 200.335

Other Reference: Idaho SDE IDEA Part B Funding Manual

Policy History:

Adopted: 4/22/2019

Reviewed:

Revised:



## The Network Schools

### FINANCIAL MANAGEMENT

#### 7250 Records Retention

The Board will comply with all applicable laws, rules and regulations concerning the routine retention, storage and disposal of physical and digital records, as well as its preservation obligation when litigation is threatened or pending. Proper retention of school records is essential to conduct the business of The Network Schools and to protect the legal interests of the schools, students and employees. It is also important for purposes of efficiency and management of physical and digital storage resources that unneeded records be disposed of in a timely and appropriate manner.

The Executive Director or designee is responsible for implementing this policy and for developing appropriate administrative procedures and guidelines for managing school and department records consistent with applicable laws and rules.

Employees shall be informed of this policy through in a manner determined by the Executive Director and are expected to comply with set procedures.

Legal Reference: 34 C.F.R Part 80 § 80.42

#### Policy History:

Adopted: 2/21/2011

Reviewed: 6/20/2016-7/18/2016

Revised: 7/18/2016

Reviewed: 4/22/2019

Revised: 4/22/2019

## The Network Schools

### FINANCIAL MANAGEMENT

#### 7260 Student Activity Fund

The Administrative Staff is responsible for the establishment and management of student activity funds. The purpose of student activity funds shall be to account for revenues and disbursements of those funds raised by students through recognized student body organizations and activities, including:

1. Admission charges for interscholastic activities;
2. The sale of yearbooks and annuals;
3. Student fee collections which are used to provide more than one activity/benefit to all of the students of a school or school building; and
4. Receipt from vending machines located on school property.

The funds shall be deposited and expended by check in a bank account maintained by The Network Schools for each student activity fund. The use of the student extra- and co-curricular funds is limited to the benefit of the students.

Specific procedures regarding these funds will be prepared and made available in The Network Schools' business office.

For other activity or student funds, the board may create a separate fund(s) and implement procedures for the accounting and control of the same.

Legal Reference: I.C. § 33-705 Activity Funds

#### Policy History:

Adopted: 2/21/2011

Reviewed: 6/20/2016-7/18/2016

Revised: 7/18/2016

Reviewed: 4/22/2019

Revised: 4/22/2019

## The Network Schools

### FINANCIAL MANAGEMENT

#### 7270 Property Records

Property records and inventory records shall be maintained on all land, buildings and physical property capitalized in accordance with Policy 7210 and under the control of The Network Schools. Such records shall be updated annually.

All goods purchased using federal funds shall be delivered to the school that purchased the goods. Upon receipt of goods, the Business Manager or designee shall notify the School Administrator of fulfillment of the purchase order.

The Business Manager or designee will check all items against the invoice to ensure accuracy of delivery. Inventory items will be recorded on a master inventory list. No equipment shall be removed for personal or non-school use except according to Board policy.

Property records shall show, appropriate to the item recorded, the:

1. Description and identification;
2. Manufacturer;
3. Date of purchase;
4. Initial cost;
5. Location;
6. Serial number, if available; and
7. Model number, if available.

For each equipment and computing device purchased with federal funds, the following information is maintained on a master inventory list. The list includes the following information:

1. Serial number or other identification number;
2. Source of funding for the property;
3. Who holds title;
4. Acquisition date and cost of the property;
5. Percentage of federal participation in the project costs for the federal award under which the property was acquired;
6. Location, use, and condition of the property; and
7. Any ultimate disposition data including the date of disposal and sale price of the property.

In the event the property is sold, lost, or stolen, or cannot be repaired, the item will be deducted from the master inventory list. The date of the change will be listed along with the sale price if the item is sold.

#### Property Classifications

Equipment and supplies with a useful life of more than 1 year, including computing devices, will be engraved with "Property of The Network Schools", and with appropriate equipment identification.

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

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

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

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

1. Land, buildings (facilities), equipment, and intellectual property (including software) whether acquired by purchase, construction, manufacture, lease-purchase, exchange, capital leases or through operating leases required to be recorded as assets under ASC 842; and
2. Additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations or alterations to capital assets that materially increase their value or useful life (not ordinary repairs and maintenance).

#### Physical Inventory

A physical inventory of the property must be taken, and the results reconciled with the property records at least yearly.

Each staff member will inventory property items in their room at the end of each school year. The inventory sheet is signed by the staff member taking the inventory as verification and is reviewed by the Business Manager and kept in a secure location. Computer and technology equipment is inventoried through Follett management program, and recorded in an Excel spreadsheet maintained by the Business Manager. Electronic equipment, such as iPads, are engraved with “Property of The Network Schools”.

Any discrepancy between physical inventory and the master inventory sheet will be researched by the Business Manager and noted on the master inventory.

#### Maintenance

In accordance with 2 C.F.R. § 313(d)(4), The Network Schools maintains adequate maintenance procedures to ensure that property is kept in good condition. If an item needs repair, the Business Manager will be notified and proper repair procedures will be determined, either by The Network Schools or by sending the item to a qualified repair facility.

#### Lost or Stolen Items

The Network Schools maintains a control system that ensures adequate safeguards are in place to prevent loss, damage, or theft of the property.

Use of Equipment Purchased with Federal Funds

Equipment purchased with federal funds must be used in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by the federal award, and The Network Schools will not encumber the property without prior approval of the federal awarding agency and the pass-through entity.

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

When no longer needed for the original program or project, the equipment may be used in other activities supported by the federal awarding agency, in the following order of priority:

1. Activities under a federal award from the federal awarding agency which funded the original program or project; then
2. Activities under federal awards from other federal awarding agencies.

In the event that The Network Schools no longer needs personal or real property, it will follow the rules, policies, and procedures required by Idaho Code §33-601(4)(b) and by Policy 9100.

Cross Reference: Financial Management 7210 GASB Statement 34 (Accounting System)

Legal Reference: I.C. §33-601(4)(b) Real and Personal Property—Acquisition, Use or Disposal of Same

- I.C. § 33-701 Fiscal Year – Payment and Accounting of Funds
- 2 C.F.R. § 200.12 Capital Assets
- 2 C.F.R. § 200.20 Computing Devices
- 2 C.F.R. § 200.33 Equipment
- 2 C.F.R. § 200.94 Supplies
- 2 C.F.R. § 313 Equipment

Policy History:

Adopted: 2/21/2011

Reviewed: 6/20/2016-7/18/2016

Revised: 7/18/2016

Reviewed: 4/22/2019

Revised: 4/22/2019

## The Network Schools

### FINANCIAL MANAGEMENT

#### 7300 Revenues

The Network Schools will seek and utilize all available sources of revenue for financing its educational programs including revenues from non-tax, local, state and federal sources. All revenues received by and for The Network Schools will be properly credited to the appropriate fund and account as specified by federal and state statute and the accounting and reporting regulations for Idaho school districts.

The Network Schools will collect and deposit all direct receipts of revenues as necessary but at least once monthly. The Network Schools will make an effort to collect all revenues due from all sources, including, but not limited to, rental fees, bus fees, fines, tuition fees, other fees and charges.

#### Policy History:

Adopted: 2/21/2011

Reviewed: 6/20/2016-7/18/2016  
Reviewed: 4/22/2019

Revised: 7/18/2016  
Revised: 4/22/2019

## The Network Schools

### FINANCIAL MANAGEMENT

#### 7310 Advertising in Schools/Revenue Enhancement

Revenue enhancement through a variety of The Network Schools approved marketing activities, including but not limited to advertising, corporate sponsorship, signage, etc., is a Board-approved venture. These opportunities are subject to certain restrictions as approved by the Board in keeping with the contemporary standards of good taste. Such advertising will seek to model and promote positive values for the students of The Network Schools through proactive educational messages and not just traditional advertising of a product. Preferred advertising includes messages that encourage student achievement and the establishment of high standards of personal conduct.

All sponsorship contracts will allow The Network Schools to terminate the contract at least on an annual basis if it is determined that it will have an adverse impact on implementation of curriculum or the educational experience of students.

#### Purposes of Marketing and Revenue Enhancement Activities

Revenue derived from marketing activities should:

1. Enhance student achievement;
2. Assist in the maintenance of existing The Network Schools athletics and activity programs; and
3. Provide scholarships for students participating in athletic, academic and activity programs who demonstrate financial need and merit.

#### Generally Allowable Marketing and Revenue Enhancement Activities

Appropriate opportunities for these marketing activities include but are not limited to:

1. Fixed signage;
2. Banners;
3. The Network Schools publications;
4. Television and radio broadcasts;
5. Athletic facilities, to include stadiums, high school baseball fields, and high school gymnasiums;
6. The Network Schools projects;
7. Expanded usage of facilities beyond traditional use (i.e., concerts, rallies, etc.);
8. Interior and exterior of a limited number of The Network Schools buses only if the advertising is associated with student art selected by The Network Schools. The only advertising information will note that the student art is sponsored by the participant in The Network Schools sponsorship. Maintenance for these buses will include but not exceed normal maintenance costs; and/or
9. Individual school publications (when not in conflict with current contracts)

### Restrictions on Revenue Enhancement Activities

The Network Schools will not allow advertising in classrooms, and corporate-sponsored curriculum materials are subject to the requirements of Board policy.

The following restrictions will be in place when seeking revenue enhancement. Revenue enhancement activities will not:

- Promote hostility, disorder or violence;
- Attack ethnic, racial or religious groups;
- Discriminate, demean, harass or ridicule any person or group of persons on the basis of gender;
- Be libelous;
- Inhibit the functioning of The Network Schools;
- Promote, favor or oppose the candidacy of any candidate for election, adoption of any bond/budget issues or any public question submitted at any general, county, municipal or school election;
- Be obscene or pornographic as defined by prevailing community standards throughout The Network Schools;
- Promote the use of drugs, alcohol, tobacco, firearms or certain products that create community concerns;
- Promote any religious or political organization; or
- Use any The Network Schools logo without prior approval\_

### Policy History:

Adopted: 2/21/2011

Reviewed: 6/20/2016-7/18/2016

Revised: 7/18/2016

Reviewed: 4/22/2019

Revised: 4/22/2019



## **The Network Schools**

### **FINANCIAL MANAGEMENT**

#### **7320 Allowable Uses for Grant Funds**

Expenditures will be aligned with approved budgeted items. Any changes or variations from the state- approved budget and grant application need prior approval from the State. When determining how The Network Schools will spend its grant funds, the Executive Director and the Business will review the proposed cost to determine whether it is an allowable use of federal grant funds before obligating and spending those funds on the proposed good or service. All costs supported by federal education funds must meet the standards outlined in Education Department General Administrative Regulations, referenced below, which are provided in the bulleted list below. The Business Manager and Executive Director must consider these factors when making an allowability determination. All costs must:

1. Be necessary and reasonable for the performance of the federal award as outlined in Board Policy 7320P1.
2. Be allocable to the federal award. A cost is allocable to the federal award if the goods or services involved are chargeable or assignable to the federal award in accordance with the relative benefit received. This means that the federal grant program derived a benefit in proportion to the funds charged to the program. For example, if 50% of a teacher's salary is paid with grant funds, then that teacher must spend at least 50% of his or her time on the grant program.
3. Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of The Network Schools.
4. Conform to any limitations or exclusions set forth as cost principles in 2 CFR Part 200 or in the terms and conditions of the federal award
5. Consistent treatment. A cost cannot be assigned to a federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been assigned as an indirect cost under another award.
6. Be adequately documented. All expenditures must be properly documented.
7. Be determined in accordance with General Accepted Accounting Principles (GAAP), unless provided otherwise in Part 200.
8. Not be included as a match or cost-share, unless the specific federal program authorizes federal costs to be treated as such. Some federal program statutes require the non-federal entity to contribute a certain amount of non-federal resources to be eligible for the federal program.
9. Be the net of all applicable credits. The term "applicable credits" refers to those

receipts or reduction of expenditures that operate to offset or reduce expense items allocable to the federal award. Typical examples of such transactions are: purchase discounts, rebates or allowances, recoveries or indemnities on losses, and adjustments of overpayments or erroneous charges. To the extent that such credits accruing to or received by the State relate to the federal award, they shall be credited to the federal award, either as a cost reduction or a cash refund, as appropriate.

Part 200's cost guidelines must be considered when federal grant funds are expended. In addition, as required by federal rules, The Network Schools will follow, as appropriate, all state and School-level requirements and policies regarding expenditures.

#### Helpful Questions for Determining Whether a Cost is Allowable

In addition to the cost principles and standards described in Procedures 7320P1 and P2, the Executive Director, Business Manager, and appropriate federal programs personnel can refer to this section for a useful framework when performing an allowability analysis. In order to determine whether federal funds may be used to purchase a specific cost, it is helpful to ask the following questions:

1. Is the proposed cost allowable under the relevant program?
2. Is the proposed cost consistent with an approved program plan and budget?
3. Is the proposed cost consistent with program specific fiscal rules? For example, The Network Schools may be required to use federal funds only to supplement the amount of funds available from nonfederal (and possibly other federal) sources.
4. Is the proposed cost consistent with Education Department General Administrative Regulations (EDGAR)?
5. Is the proposed cost consistent with specific conditions imposed on the grant (if applicable)?

As a practical matter, the Executive Director, Business Manager, and appropriate federal programs personnel should also consider whether the proposed cost is consistent with the underlying needs of the program. For example, program funds must benefit the appropriate population of students for which they are allocated.

Also, funds should be targeted to address areas of weakness, as necessary. To make this determination, the Executive Director, Business Manager, and appropriate federal programs personnel should review data when making purchases to ensure that federal funds to meet these areas of concern.

Legal Reference: 2 CFR § Part 200 (Subpart E) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

2 CFR § 200.404 Reasonable Costs

2 CFR § 200.405 Allocable Costs

2 CFR § 200.406 Applicable Credits

2 CFR § 200.420-200.475 Considerations for Selected Items of Cost

2 CFR § Part 3474 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

#### Policy History:

Adopted: 7/18/2016

Reviewed: 4/22/2019

Revised:

4/22/2019

## The Network Schools

### FINANCIAL MANAGEMENT

#### 7320P1 Determining Necessity and Reasonableness of Expenses

Federal grant funds may only be spent on costs which are necessary and reasonable for the performance of the federal award. The Network Schools staff must consider these elements when determining the reasonableness of a cost. A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision to incur the cost was made. For example, reasonable means that sound business practices were followed, and purchases were comparable to market prices. When determining reasonableness of a cost, consideration must be given to:

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

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

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

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

#### Procedure History:

Promulgated: 4/22/2019

Reviewed:

Revised:

## The Network Schools

### FINANCIAL MANAGEMENT

#### 7320P2 Selected Items of Cost

2 CFR Part 200 examines the allowability of 55 specific cost items (commonly referred to as Selected Items of Cost). These cost items are listed in the chart below along with the rule where the allowability of the item is discussed. Please do not assume that an item is allowable because it is specifically listed in the regulation, as it may be unallowable despite its inclusion in the selected items of cost section. The expenditure may be unallowable for a number of reasons, including:

1. The express language of the regulation states the item is unallowable;
2. The terms and conditions of the grant deem the item unallowable; or
3. State/local restrictions dictate that the item is unallowable.

The item may also be unallowable because it does not meet one of the cost principles, such as being reasonable because it is considered too expensive. If an item is unallowable for any of these reasons, federal funds cannot be used to purchase it.

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

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

<b>Item of Cost</b>	<b>Citation of Allowability Rule</b>
Advertising and public relations costs	2 CFR § 200.421
Advisory councils	2 CFR § 200.422
Alcoholic beverages	2 CFR § 200.423
Alumni/ae activities	2 CFR § 200.424
Audit services	2 CFR § 200.425
Bad debts	2 CFR § 200.426
Bonding costs	2 CFR § 200.427
Collection of improper payments	2 CFR § 200.428

Commencement and convocation costs	2 CFR § 200.429
Compensation – personal services	2 CFR § 200.430
Compensation – fringe benefits	2 CFR § 200.431
Conferences	2 CFR § 200.432
Contingency provisions	2 CFR § 200.433
Contributions and donations	2 CFR § 200.434
Defense and prosecution of criminal and civil proceedings, claims, appeals, and patent infringements	2 CFR § 200.435
Depreciation	2 CFR § 200.436
Employee health and welfare costs	2 CFR § 200.437
Entertainment costs	2 CFR § 200.438
Equipment and other capital expenditures	2 CFR § 200.439
Exchange rates	2 CFR § 200.440
Fines, penalties, damages, and other settlements	2 CFR § 200.441
Fund raising and investment management costs	2 CFR § 200.442
Gains and losses on disposition of depreciable assets	2 CFR § 200.443
General costs of government	2 CFR § 200.444
Goods and services for personal use	2 CFR § 200.445
Idle facilities and idle capacity	2 CFR § 200.446
Insurance and indemnification	2 CFR § 200.447
Intellectual property	2 CFR § 200.448
Interest	2 CFR § 200.449
Lobbying	2 CFR § 200.450
Losses on other awards or contracts	2 CFR § 200.451
Maintenance and repair costs	2 CFR § 200.452
Materials and supplies costs, including costs of computing devices	2 CFR § 200.453
Memberships, subscriptions, and professional activity costs	2 CFR § 200.454
Organization costs	2 CFR § 200.455

Participant support costs	2 CFR § 200.456
Plant and security costs	2 CFR § 200.457
Pre-award costs	2 CFR § 200.458
Professional services costs	2 CFR § 200.459
Proposal costs	2 CFR § 200.460
Publication and printing costs	2 CFR § 200.461
Rearrangement and reconversion costs	2 CFR § 200.462
Recruiting costs	2 CFR § 200.463
Relocation costs of employees	2 CFR § 200.464
Rental costs of real property and equipment	2 CFR § 200.465
Scholarships and student aid costs	2 CFR § 200.466
Selling and marketing costs	2 CFR § 200.467
Specialized service facilities	2 CFR § 200.468
Student activity costs	2 CFR § 200.469
Taxes (including Value Added Tax)	2 CFR § 200.470
Termination costs	2 CFR § 200.471
Training and education costs	2 CFR § 200.472
Transportation costs	2 CFR § 200.473
Travel costs	2 CFR § 200.474
Trustees	2 CFR § 200.475

Likewise, it is possible for the State and/or The Network Schools to put additional requirements on a specific item of cost. Under such circumstances, the stricter requirements must be met for a cost to be allowable. Accordingly, The Network Schools staff shall consult federal, State, and The Network Schools requirements when spending federal funds.

In order for a cost to be allowable, the expenditure must also be allowable under the applicable program statute and accompanying program regulations, non-regulatory guidance, and grant award notifications.

Procedure History:

Promulgated: 4/22/2019

Reviewed:

Revised:

## **The Network Schools**

### **FINANCIAL MANAGEMENT**

#### **7400 Miscellaneous Procurement Standards**

##### Procurement Generally

When making purchases with federal funds, The Network Schools will follow its procurement policies and procedures which reflect applicable State and local laws and regulations, provided that the procurement practice also conforms to applicable Federal law and the standards identified in applicable federal regulations. See Policies 7410, 7408, and 7420.

##### Authorization and Control

It is the policy of The Network Schools to conduct its purchasing program in a manner to ensure optimum use of school funds. The Board, or its designee, reserves the right to determine what is the best interest of The Network Schools.

##### Micro-Purchase Procedures

Notwithstanding the process for Executive Director-approved purchases outlined in Policy 7405P6, when using federal funds the Executive Director or designee may purchase supplies or services using simplified acquisition procedures when making aggregate purchases of \$3,000 or less, and when making such purchases shall otherwise comply with all applicable The Network Schools purchase order procedures.

##### Simplified Acquisition Procedures

When procuring goods or services, whether with federal or state funds, The Network Schools shall comply with all requirements and procedures set forth at School Policies 7410, 7408, and 7420 and applicable Idaho law. For purchases less than the federal Simplified Acquisition Threshold (currently \$150,000), the Board may adopt small purchase procedures which do not otherwise.

##### Micro-Purchase Procedures

Notwithstanding the process for Executive Director-approved purchases outlined in Policy 7405P, when using federal funds the Executive Director or designee may purchase supplies or services using simplified acquisition procedures when making aggregate purchases of \$3,000 or less, and when making such purchases shall otherwise comply with all applicable The Network Schools purchase order procedures.

##### Simplified Acquisition Procedures

When procuring goods or services, whether with federal or state funds, The Network Schools shall comply with all requirements and procedures set forth at School Policies 7410, 7408, and 7420 and applicable Idaho law. For purchases less than the federal Simplified Acquisition Threshold (currently \$150,000), the Board may adopt small purchase procedures which do not otherwise conflict with School Policies 7410, 7408, and 7420 or applicable Idaho law. Absent such Policy, all purchases for amounts less than the simplified Acquisition Threshold, shall comply with the requirements and procedures set forth at School Policies 7410, 7408, and 7420 and applicable Idaho law.

### Cooperative Purchasing

The Network Schools may cooperatively enter into contracts with one or more districts to purchase materials necessary or desirable for the conduct of the business of the School provided that the purchasing cooperative follows State purchasing and federal procurement requirements.

### Personnel Conflicts of Interest

No employee will make any purchase or incur any obligations for or on behalf of The Network Schools from any private business, contractor, or vendor in which or with which the employee has a direct or indirect financial or ownership interest.

Purchases or contracted services from any private business or venture in which any employee of The Network Schools has a direct or indirect financial or ownership interest will be made on a competitive bid basis strictly in accordance with the following procedures:

1. The interested employee, the business, the contractor, or the vendor will fully disclose, in writing, the employee's exact relationship to the business, the contractor, or the vendor;
2. The affected business, the contractor, or the vendor may submit a bid in compliance with the specifications outlined by The Network Schools;
3. The interested employee will not be involved in any part of the bidding process, including but not limited to, preparing specifications, advertising, analyzing, or accepting bids; and
4. This policy will apply to any organization, fund, agency, or other activity maintained or operated by The Network Schools.

No employee will solicit gifts, gratuities, favors, prizes, awards, merchandise, or commissions as a result of ordering any items or as a result of placing any purchase order with a business, contractor, or vendor on behalf of The Network Schools nor accept anything of monetary value from a business, contractor, or vendor except for unsolicited gifts of \$50 or less in value.

### Violations

Any Network Schools officer, employee, or agent who violates this policy may be subject to disciplinary action, including but not limited to a fine, suspension, or termination. Violations of law shall be referred to the local, State, or federal authority having proper jurisdiction.

Cross References: Fiscal Policy 7218 Federal Grant Financial Management System  
Fiscal Policy 7235 Fiscal Accountability and IDEA Part B Funds  
Fiscal Policy 7237 Retention of Records Relating to Federal Grants  
Fiscal Policy 7320 Allowable Uses for Grant Funds  
Fiscal Policy 7320P1 Determining Necessity and Reasonableness of Expenses  
Fiscal Policy 7400P2 Procurement Methods Under a Federal Award  
Fiscal Policy 7405 Public Works Contracting and Procurement  
Fiscal Policy 7407 Public Procurement of Goods and Services  
Fiscal Policy 7410 Petty Cash Funds  
Fiscal Policy 7408 Entering into Professional Service Contracts  
Fiscal Policy 7420 Personal Reimbursements



Legal References: I.C. § 18-1351 Bribery and Corrupt Practices – Definitions  
I.C. § 33-316 Cooperative Contracts to Employ Specialized Personnel  
and/or Purchase Materials  
2 C.F.R. § 200.67 Micropurchase  
2 C.F.R. § 200.88 Simplified Acquisition Threshold  
2 C.F.R. § 200.317 Procurement by States  
2 C.F.R. § 200.318 General Procurement Standards  
2 C.F.R. § 200.320 Methods of Procurement to be Followed

Policy History:

Adopted:	2/21/2011	Reviewed:	6/20/2016-7/18/2016	Revised:	7/18/2016
		Reviewed:	11/27/2017	Revised:	1/22/2018
		Reviewed:	4/22/2019	Revised:	4/22/2019
		Reviewed:	10/22/2019	Revised:	10/22/2019

## **The Network Schools**

### **FINANCIAL MANAGEMENT**

#### **7400P1 Procurement Under a Federal Award**

In addition to its other policies and procedures regarding procurement, The Network Schools shall adhere to the following requirements when making procurements under a federal award. The Network Schools shall:

1. Ensure that all solicitations incorporate a clear and accurate description of the technical requirements for the material, product, or service to be produced, and set forth those minimum essential characteristics and standards to which the material, product, or service must conform. The Network Schools will identify all requirements which bidders must fulfill and all other factors to be used in evaluating bids or proposals.
2. Prohibit the use of statutorily or administratively imposed state, local, or tribal geographical preferences in the evaluation of bids or proposals, except in cases where applicable federal statutes expressly mandate or encourage geographic preference. When contracting for architectural and engineering services, geographic location may be a selection criterion provided its application leaves an appropriate number of qualified firms, given the nature and size of the project, to compete for the contract.
3. Provide a written method for conducting technical evaluations of the proposals received and for selecting recipients, including factors considered for the evaluation; who performs the evaluation, the number of evaluations performed, the timeframe for conducting any evaluations, and the selection of a vendor and whether another position reviews the evaluation.
4. Maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.
5. Avoid acquiring unnecessary or duplicative items.
6. Consider 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.
7. Maintain a list of prequalified person, firms, or products which are used in acquiring goods and services and include enough qualified sources to ensure maximum open and free competition.
8. Award contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of the proposed procurement. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources.

9. Maintain records sufficient to detail the history of procurement. These records will include:
  - A. Rationale for the method of procurement;
  - B. Selection of contract type;
  - C. Contractor selection or rejection; and
  - D. The basis for the contract price.
  
10. The use of a time and materials type contract is prohibited unless The Network Schools determines that no other contract is suitable. Time and materials type contract means a contract whose cost to The Network Schools is the sum of:
  - A. The actual cost of materials; and
  - B. The direct labor hours charged at an hourly rate that reflect wages, general and administrative expenses, and profit.

Since this formula generate an open-ended contract price, a time-and-materials contract provides no positive profit incentive to the contractor for cost control or labor efficiency. When this type of the contract is used, it will include a ceiling price that the contractor exceeds at his or her own risk. The Network Schools will assert a high degree of oversight over such contracts in order to obtain reasonable assurance that the contractor is using efficient methods and effective cost controls.
  
11. The Network Schools will adhere to any additional procurement rules as applicable to specific federal programs.

Procedure History:

Promulgated: 7/18/2016      Reviewed: 4/22/2019      Revised: 4/22/2019

## **The Network Schools**

### **FINANCIAL MANAGEMENT**

#### **7400P2 Procurement Methods Under a Federal Award**

This procedure shall apply to purchases with federal funds.

##### Competitive Proposals

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

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

The Network Schools 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. This method, where price is not used as a selection factor, can only be used in procurement of A/E professional services. It cannot be used to purchase other types of services though A/E firms are a potential source to perform the proposed effort.

##### Contract/Price Analysis

The Network Schools performs a cost or price analysis in connection with every procurement action in excess of \$50,000, including contract modifications. A cost analysis generally means evaluating the separate cost elements that make up the total price, while a price analysis means evaluating the total price, without looking at the individual cost elements.

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

When performing a cost analysis, The Network Schools Executive Director negotiates profit as a separate element of the price. To establish a fair and reasonable profit, consideration is given to the complexity of the work to be performed, the risk borne by the contractor, the contractor's investment, the amount of subcontracting, the quality of its record of past performance, and industry profit rates in the surrounding geographical area for similar work.

Documentation of all such cost and price analyses shall be kept for three years beyond the current year for review.

### Noncompetitive Proposals (Sole Sourcing)

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

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

A cost or price analysis will be performed for noncompetitive proposals when the price exceeds \$50,000.

### Full and Open Competition

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

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

Legal Reference: 2 C.F.R. §§ 200.317 - .319; .323 Procurement by States

### Procedure History:

Promulgated: 4/22/2019      Reviewed: 6/15/2020      Revised: 6/15/2020

## The Network Schools

### FINANCIAL MANAGEMENT

#### **7400P3 Requirements and Restrictions for Procurement Under a Federal Award – Competition**

The following shall be required in the case of procurement under a federal grant to ensure adequate competition.

##### Geographical Preferences Prohibited

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

##### Buy American and School Meals

When making purchases for The Network Schools' lunch program, The Network Schools shall, to the maximum extent practicable, purchase domestic commodities or products.

For the purposes of this procedure, "domestic commodity or product" shall mean:

1. An agricultural commodity that is produced in the United States; and
2. A food product that is processed in the United States substantially using agricultural commodities that are produced in the United States.

Additionally, The Network Schools shall require school meal program suppliers to attest that their final food products are either 100% domestic commodities or a food product containing over 51% domestic food components, by weight or volume.

Exceptions to this Buy American requirement may be made when the School determines that:

1. The food or food product is not produced or manufactured in the United States in sufficient or reasonably available quantities of a satisfactory quality; or
2. Competitive bids reveal the cost of a United States food or food product is significantly higher than the non-domestic product.

When such an exception is made, the Executive Director or his or her designee shall document such exceptions.

##### Prequalified Lists

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

### Solicitation Language

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

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

### Contracting with Small and Minority Businesses and Women’s Business Enterprises

When soliciting goods and services on projects that will use federal funds, the Network Schools shall comply with the following requirements for the purpose of ensuring small business, minority-owned businesses and women’s business enterprises are to be used whenever possible:

1. Place qualified small and minority businesses and women’s business enterprises on its solicitation lists;
2. Assure that small and minority businesses, and women’s business enterprises are solicited and notified whenever they are potential sources of the needed goods or services;
3. Divide the total requirements of a project, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses, and women’s business enterprises;
4. Establish reasonable delivery schedules, where the project requirement permits, which encourage participation by small and minority businesses, and women’s business enterprises;
5. Consult the services, assistance, and information, as appropriate, of qualified organizations such as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce; and
6. Require a project’s prime contractor, if subcontracts are to be let, to take the affirmative steps listed in the numbered list above.

Legal References:     2 C.F.R. 200.319 Competition.  
                              2 C.F.R. 200.321 Contracts – Minorities, Women and Small Businesses.

Procedure History:

Promulgated: 4/22/2019

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1/13/2020  
6/15/2020

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1/13/2020  
6/15/2020



## The Network Schools

### FINANCIAL MANAGEMENT

#### 7400P4 General Procurement Standards for Federal Awards

##### Contractor Oversight

The Network Schools shall maintain oversight to ensure that its contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.

##### Conflict of Interest

The following standards of conduct define conflicts of interest and shall govern the performance of employees engaged in the selection, award, and administration of contracts:

1. No Network Schools employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest. Such a conflict of interest is present when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm or person considered for a contract.
2. The Network Schools officers, employees, and agents of the non-Federal entity must neither solicit nor accept gratuities, favors, or service or item exceeding \$50 in value from any contractors or subcontractor. Any Network Schools employee, who solicits any gift, or who accepts an unsolicited gift with a value exceeding \$50, shall be subject to disciplinary action up to and including termination. The Network Schools officer or agent shall be immediately terminated or separated from The Network Schools service.

##### Efficient Purchases

The Network Schools shall use all resources and assets effectively and efficiently. Accordingly, prior to any purchase request, the requestor shall evaluate the need for the item, and shall ensure that the acquisition of unnecessary or duplicative items is avoided. In addition to the previous requirements, whenever feasible, consideration should be given to consolidating or breaking out procurements to obtain a more economical purchase. Finally, where appropriate, an analysis will be made of lease versus purchase alternatives, and any similar analysis of alternatives to determine the most economical approach.

1. To foster greater economy and efficiency, and in accordance with efforts to promote cost-effective use of shared services across the Federal government, The Network Schools shall endeavor to enter into state and local intergovernmental agreements or inter-entity agreements where appropriate for procurement or use of common or shared goods and services.
2. The Network Schools shall endeavor to use Federal excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs.

3. The Network Schools shall endeavor to use value engineering clauses in contracts for construction projects of sufficient size to offer reasonable opportunities for cost reductions. Value engineering is a systematic and creative analysis of each contract item or task to ensure that its essential function is provided at the overall lower cost.
4. The Network Schools shall award contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration shall be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources.
5. The Network Schools shall maintain records sufficient to detail the history of procurement. These records shall include, but are not necessarily limited to, the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.
6. The Network Schools may use time and material type contracts only after a determination that no other contract is suitable and if the contract includes a ceiling price that the contractor exceeds at its own risk. Time and material type contract means a contract whose cost to The Network Schools is the sum of:
  - A. The actual cost of materials; and
  - B. Direct labor hours charged at fixed hourly rates that reflect wages, general and administrative expenses, and profit.

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

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

Legal Reference: 2 C.F.R. § 200.318                      General Procurement Standards

Procedure History:

Promulgated:      4/22/2019                      Reviewed:10/22/2019                      Revised: 10/22/2019

## The Network Schools

### FINANCIAL MANAGEMENT

#### 7403 Procurement of Goods and Services for School Meal Programs

When making purchases related to The Network Schools federally funded school breakfast and lunch programs, The Network Schools shall adhere to the following requirements in addition to any more restrictive requirements imposed by other applicable policies.

##### Micro Purchases (\$10,000 or Less)

The Network Schools shall, to the extent practicable, distribute micro purchases equitably among qualified suppliers. Micro purchases may be awarded without soliciting competitive quotes if The Network Schools considers the price to be reasonable. The Network Schools shall maintain evidence of this reasonableness with the records of any such purchase.

##### Small Purchase Procedures (\$10,000 to \$49,999)

Before making a small purchase, The Network Schools shall obtain quotes from vendors. When possible, three quotes should be obtained, and in all cases at least two quotes will be obtained. These quotes may be provided verbally and shall be documented by The Network Schools.

##### Semi-Formal Bidding (\$50,000 - \$99,999)

The Network Schools shall issue a written request for bids for any purchase subject to semi-formal bidding requirements. This request describing the goods or services desired shall be provided to at least three vendors. Unless there is an emergency, The Network Schools shall grant the vendors three days to provide a written response. In all cases, the vendors shall have one day to submit any objections.

##### Formal Bidding (\$100,000 or More)

At least two weeks before the bid opening, The Network Schools shall publish notice of the request for bids. The Network Schools shall make bid specifications available upon request and will accept written objections. The Network Schools may, at its discretion, request a security or bond from vendors submitting bids.

All bids shall be publicly opened at the time and place prescribed in the invitation for bids.

The purchase shall be made pursuant to an open competitive sealed bid process. The procurement to be made from the qualified bidder submitting the lowest bid price complying with bidding procedures and meeting the specifications for the goods and/or services sought to be procured.

The contract shall be a firm fixed price contract and may specify a lump sum or a per unit price. The Network Schools may reject any bid if there is a sound and documented reason to do so.

Legal References:    2 CFR § 200.319                      Competition  
                              2 CFR § 200.320(a) and (b)    Methods of Procurement to be Followed

2 CFR § 200.67  
I.C. § 67-2806

Micro-purchase  
Procuring Services or Personal Property

Policy History:

Adopted on: 8/16/2021

Revised on:

Reviewed on: 8/16/2021

## The Network Schools

### FINANCIAL MANAGEMENT

#### 7405 Public Works Contracting and Procurement

No contract involving a public works project shall be let to any contractor who is not licensed as required by the laws of this State. Further, The Network Schools shall at all times adhere to the bidding requirements for public works contracting and procurement as set out in State law.

<b>Public Works Contractor Licensure Requirements</b>		
\$0 to \$50,000	No licensure requirement	IC 54-1903(9)
\$50,000 and above	Licensure required	IC 54-1903(9)
<b>Exemptions from Public Works Contractor Licensure</b>		
Less than \$50,000 for construction, alteration, improvement, or repair.	Single project with any number of trades	IC 54-1903(9)
Any construction, alteration, or repair due to an emergency.	Pursuant to the provision of, Chapter 10, Title 46 Idaho Code	IC 54-1903(11)

<b>Public Works Construction Bidding</b>		
\$0 to \$50,000	No bidding requirements	IC 67-2803(2)
\$50,000 to \$200,000	Semi-formal bidding: Issue written requests for bids describing the work to at least 3 licensed contractors. Allow 3 days for written response; objections 1 day prior to bid. Keep records for 6 months. <u>Accept low bid, or reject all bids.</u>	IC 67-2805(1)
\$200,000 and above	Formal bidding 2 <b>Options A &amp; B:</b>  <b>Category A</b> – Open to all licensed contractors. Publication requirements. Written objections allowed. May request bid security/bond. <u>Accept low bid, or reject all bids.</u> See code for details. (IC 67-2805(2)(a).)	IC 67-2805(2)

	<p><b>Category B</b> – Open to pre-qualified contractors After pre-qualification is determined, the bidding process is in the same manner as Category A. (IC 67-2805(2)(b).)</p>	
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Legal References: I.C. § 33-601 Real and Personal Property – Acquisition, Use or Disposal of Same  
I.C. § 54-1902 Unlawful to Engage in Public Works Contracting Without License - Exemptions  
I.C. § 67-2801 et seq. Purchasing by Political Subdivisions  
I.C. § 74-401 Ethics in Government

Other Reference: Policies and Procedures Used Template, Idaho State Department of Education, <http://www.sde.idaho.gov/sped/funding/>

Policy History

Adopted: 11/27/2017

Reviewed: 11/27/2017

Revised: 1/22/2018

Reviewed: 4/22/2019

Revised: 4/22/2019

Reviewed: 10/22/2019

Revised: 10/22/2019

## The Network Schools

### FINANCIAL MANAGEMENT

#### 7405P Procuring Public Works, Services and Personal Property

##### The Network Schools Procurement Policy

Efficient and cost-effective procurement of goods, services, and public works construction is an important aspect of The Network Schools operations. The Network Schools shall endeavor to buy goods, services, and public works construction through a publicly accountable process that respects the shared goals of economy and quality. The Network Schools shall, to the extent reasonably available, endeavor to purchase goods and services from vendors with a significant Idaho economic presence.

##### Authorization and Control - Generally

It is the policy of The Network Schools to conduct its purchasing program in a manner to ensure optimum use of The Network Schools funds. The Board, or its designee, reserves the right to determine what is in the best interest of The Network Schools.

The Executive Director or designee is authorized to direct expenditures and purchases within the limits of the detailed annual budget for the school year and pursuant to State purchasing and federal procurement requirements. Board approval for purchase of capital outlay items is required when the aggregate total of a requisition exceeds \$3,000, except the Executive Director shall have the authority to make capital outlay purchases without advance approval when it is necessary to protect the interests of The Network Schools or the health and safety of the staff or students. The Executive Director shall establish requisition and purchase order procedures as a means of controlling and maintaining proper accounting of the expenditure of funds that align with State and federal procurement requirements. Staff members shall not obligate The Network Schools without express authority of the Board or authorized designee. Staff members who obligate the School without proper authorization may be held personally responsible for payment of such obligations, and may also be subject to discipline, up to and including termination.

All other procurement and purchases shall be made in accordance with the State and federal laws and administrative rules and with The Network Schools policies and procedures.

##### Procuring Public Works Construction

**Public Works Procurement, Projects Between \$50,000 and \$200,000:** When the Board contemplates procurement of public works construction valued at or in excess of \$50,000, but in an amount less than \$200,000, the following procedures shall be followed.

1. The Board or its designee shall prepare a solicitation for bids for the contemplated public works construction, and shall deliver it in writing to no fewer than three owner-designated licensed public works contractors. Delivery may be accomplished either by electronic or physical delivery. The solicitation shall describe the construction work to be completed in sufficient detail to allow an experienced public works contractor to understand the construction project The Network Schools seeks to build.

2. In the event that it is impractical or impossible to obtain three bids for the proposed public works procurement, The Network Schools may proceed to acquire the work in any manner the Board or its designee deems best from a qualified public works contractor quoting the lowest price. When fewer than three bids are considered, a description of The Network Schools' efforts undertaken to procure at least three bids shall be documented and placed in the records of the Board, and such documentation shall be maintained for at least six months following the date of the final procurement decision.
3. The solicitation for bids shall describe the electronic or physical delivery method or methods authorized to submit a bid, the date and time by which a bid proposal must be received by the clerk, secretary, or other authorized The Network Schools official, and shall provide a reasonable time to respond to the solicitation, provided that, except in the event of an emergency, such time shall not be less than three business days.
4. The solicitation shall explain that if a potential bidder has an objection to the specifications described in the solicitation, it must submit a written objection to The Network Schools. The objection must be received by The Network Schools' clerk, secretary, or other authorized person no later than one business day before the date and time of the bidders' deadline to submit bids.
5. When written bids have been received by The Network Schools, by either physical or electronic delivery, they shall be submitted to the Board or its designee, who shall present the lowest responsive bid to the Board for approval or, if the Board's designee is so authorized, approve the bid. The Board or the Board's designee is required to either approve the responsive bid proposing the lowest procurement price, or reject all bids and publish notice for bids, as before.
6. In the event two or more price quotations offered by different licensed public works contractors are the same and represent the lowest responsive bid, the Board or its authorized designee may, in the exercise of its discretion to promote the best interests of The Network Schools, accept the one it chooses.

**Public Works Procurement, Projects greater than \$200,000:** When the Board contemplates procuring public works construction valued in excess of \$200,000, the following procedures shall apply. The purchase of construction services shall be made pursuant to a competitive sealed bid process. The purchase shall be made from the qualified public works contractor submitting the lowest bid price complying with bidding procedures and meeting the pre-qualifications, if any are required, established by the bid documents. The competitive bidding process may follow either of two alternate procedures described in detail below, either Category A, bidding open to all licensed public works contractors; or Category B, bidding open only to licensed public works contractors who satisfy minimum requirements set by the Board or its designee.

**Category A:** Competitive bidding procedures shall be open to any licensed public works contractor desiring to bid upon a public works project. For all Category A bids, the Board may consider only the amount bid, the bidder's compliance with administrative requirements of the bidding process, and whether the bidder holds the requisite license. When considering bids meeting these requirements, the Board shall award the bid to the qualified bidder submitting the lowest responsive bid.

1. The Network Schools' request for bids for a Category A procurement shall set a date and place for the public opening of bids. The Network Schools shall publish two notices



soliciting bids in The Network Schools' official newspaper. The first notice shall be published at least two weeks before the date for opening bids, with the second notice to be published in the succeeding week at least seven days before the date that bids are scheduled to be opened. The notice shall succinctly describe the project to be constructed. Copies of specifications, bid forms, bidder's instructions, contract documents, and general and special instructions shall be created by the Board or its designee and shall be made available upon request by any interested bidder which also submits payment of a reasonable plan copy fee.

2. The solicitation shall explain that in the event a bidder has an objection to project specifications or bidding procedures, it must submit a written objection in writing which must be received by the Board or its designee at least three business days before the date and time the bids are scheduled to be opened. The Board or its designee shall respond to all objections in writing and shall provide written copies of the objection and the response to the objecting bidder, and deliver copies to all other bidders known to The Network Schools at that time. The Board or its designee may adjust the bidding timeframes if necessary.
3. All bids shall be delivered under sealed cover to the clerk of the Board or other designee identified in the bid solicitation documents provided to bidders by The Network Schools. On the cover of the sealed bid, the bidder must include a concise statement generally identifying the project for which the bid is submitted.
4. In the event the Board deems it to be in the best interest of The Network Schools to require bidders to provide bid security, it may do so in an amount equal to at least five percent of the amount bid. If the Board requires bid security, no bid may be considered unless it includes adequate bid security in one of the following forms designated by the Board:
  - A. Cash;
  - B. A cashier's check made payable to The Network Schools;
  - C. A certified check made payable to The Network Schools; or
  - D. A bidder's bond executed by a qualified surety company, made payable to The Network Schools.
5. Once submitted to The Network Schools, no bid may be withdrawn after the passing of the date and time set in the notice for opening of the bids. When sealed bids have been received, they shall be opened in public at a designated place and time, thereafter to be compiled and submitted to the Board for award to the lowest responsive bidder, or, if a designee had been authorized to select the lowest bid, for approval of the award.
6. In the event the successful bidder fails to execute the contract, at the sole discretion of the Board, the bidder's security may be forfeited to The Network Schools and the proceeds shall be deposited in a designated fund from which the expenses of procuring substitute performance are paid.
7. In the event the successful bidder refuses or fails to execute the contract, The Network Schools may award the contract to the qualified bidder which had submitted the next lowest responsive bid. If the Board awards the contract to the next lowest qualified bidder, The Network Schools may apply the lowest qualified bidder's security to the difference between the lowest responsive bid and the next lowest responsive bid. The surplus, if any, shall be returned to the lowest bidder if cash or check is used, or to the surety on the bidder's bond if a bond is used. The Network Schools may retain reasonable administrative costs not to exceed 25% of the amount of the bidder's security.

8. In its discretion, the Board may reject all bids presented and decide to re-bid the project. Alternatively, the Board may, after finding it to be a fact, pass a resolution declaring that the project sought to be accomplished by the expenditure can be performed more economically by purchasing goods and services on the open market because the project is not a public works project.
9. If the Board chooses to award a competitively bid contract involving the procurement of public works construction to a bidder other than the apparent low bidder, the Board shall, in open session at a duly noticed Board meeting, declare its reason or reasons on the record and shall communicate such reason or reasons in writing to all bidders that submitted a competing bid.
10. In the event a participating bidder objects to the award of the project to a bidder other than the lowest responsive bidder, such bidder shall, within seven calendar days of the date of the Board's award notice, deliver to the Board clerk or designee its written objection to the Board's award, setting forth the express reason or reasons that the Board's award decision is in error. Upon receipt of such objection, the Board shall immediately stay performance of the project until after the Board addresses the contentions raised by the objecting bidder(s). To address the objection(s), the Board shall review its decision and determine whether to affirm its prior award, to modify the award, or to re-bid the project, setting forth its reason or reasons therefor. The Board's review cannot be delegated. After completion of the review process, the Board may proceed as it deems to be in the public's best interest.
11. If two or more identical bids are received, the Board may select the bidder it prefers.
12. If no bids are received, the Board may complete the project by selecting a licensed public works contractor without further competitive bidding procedures.

**Category B:** When following this procedure, competitive bids may only be submitted by licensed public works contractors which have satisfied the Board's preliminary supplemental qualifications. The solicitation for bids in Category B procurement consist of two stages:

1. An initial stage determining supplemental pre-qualifications for licensed contractors, either prime or specialty contractors; followed by
2. A second stage during which bids are accepted only from prequalified contractors.

The Category B procedure shall be as follows:

1. Notice of the prequalification stage of the Category B competitive bidding process shall be given in the same manner that notice of competitive bidding is provided for a Category A competitive bid request, by providing a specific date and time by which qualifications statements must be received. The Board may establish prequalification standards premised upon demonstrated technical competence; experience constructing similar facilities; prior experience with The Network Schools; available nonfinancial resources, equipment, and personnel as they relate to the subject project; as well as the contractor's overall performance history. Such request shall also include the standards the Board will use when evaluating the applicants' qualifications.
2. During the initial stage of the Category B bidding process, licensed contractors desiring to be prequalified to bid on a project must submit a written response to the Board's request for qualifications.

3. The solicitation shall explain that in the event a bidder has an objection to the prequalification procedures, it must submit a written objection which must be received by the Board or its designee at least three business days before the date and time prequalification statements are due. The Board or its designee shall respond to all objections in writing and shall provide the written response to the objecting contractor, and deliver copies to all other contractors seeking to prequalify that are known to The Network Schools at that time. The Board or its designee may adjust the bidding timeframes if necessary.
4. After a review of qualification submittals, The Network Schools may select licensed contractors that meet the prequalification standards. If any licensed contractor submits a statement of qualifications but is not selected as a qualified bidder, the Board or its designee shall supply a written statement of the reason or reasons why the contractor failed to meet the Board's prequalification standards.
5. The solicitation shall explain that any licensed contractor that fails the prequalification stage can appeal in writing any such determination to the Board within seven days after transmittal of the prequalification results. After reviewing the objection, if the Board sustains the decision that a contractor fails to meet prequalification standards, it shall state its reason or reasons in writing to the contractor. The Board's decision may be appealed to the public works contractor's license board no more than 14 days following the Board's decision. Category B prequalification procedures that are appealed shall be stayed during the pendency of the prequalification appeal until the public works contractor's license board completes its review, but in no instance more than 49 days after the appellate decision of the Board regarding prequalification. Any licensed public works contractor affected by a decision on appeal by the public works contractor's license board may, within 28 days of the final decision, seek judicial review as provided by Idaho Code 67-5201, et seq.
6. Following the conclusion of the prequalification administrative procedures, the bidding stage shall proceed by the setting of a time, date, and place for the public opening of bids. In circumstances involving prequalified prime contractors, a notice soliciting bids shall be transmitted to prequalified bidders at least 14 days before the date of opening the bids. In circumstances involving prequalified specialty or subordinate contractors, the notice soliciting bids shall be published in the same manner applicable to Category A bids. The notice shall succinctly describe the project to be constructed. Copies of specifications, bid forms, bidder's instructions, contract documents, and general and special instructions shall be made available upon request and payment of a reasonable plan copy fee by any eligible bidder.
7. Thereafter, the Board shall proceed with its solicitation of and consideration of bids from prequalified public works contractors in accordance with the procedures set forth above regarding submission and consideration of Category A bids set forth above at Category A paragraphs 2 through 12, inclusive.

#### Procuring Services or Personal Property, Purchases between \$50,000 and \$100,000

When the Board contemplates an expenditure to purchase or lease personal property or to procure services, other than personal property or services excluded pursuant to section Idaho Code § 67-2803, valued at or in excess of \$50,000 but not to exceed \$100,000, the procurement procedures of this policy shall apply.

1. The Board or its designee shall solicit bids from no fewer than three vendors by written means, either by electronic or physical delivery. The solicitation shall describe the personal property or services to be purchased or leased in sufficient detail to allow a vendor dealing in such goods or services to understand what The Network Schools seeks to procure.
2. The solicitation for bids shall describe the electronic or physical delivery method or methods authorized to submit a bid, the date and time by which a bid proposal must be received by the Board or its designee, and shall provide a reasonable time to respond to the solicitation, provided that, except in the event of an emergency, such time shall not be less than three business days.
3. The solicitation shall explain that a vendor's objections to specifications or bid procedures must be in writing and received by the Board or its designee at least one business day before the date and time upon which bids are scheduled to be received.
4. All timely written bids received by The Network Schools, whether submitted electronically or by physical delivery, shall be compiled and submitted to the Board or its designee who shall approve the responsive bid proposing the lowest procurement price, or shall reject all bids and publish notice for bids, as before.
5. In the event the Board determines that it is impractical or impossible to obtain three bids for the proposed procurement, the Board may acquire the property or services in the manner the Board deems to be in The Network Schools' best interest from a qualified vendor quoting the lowest price. When fewer than three bids are considered, a description of the Board's efforts to procure at least three bids shall be documented in the Board's official records and such documentation shall be maintained for at least six months following the date of the procurement. In the event two or more bids are the same and are the lowest responsive bids, the Board or its designee may exercise its discretion and select the bid it deems to be in The Network Schools' best interest.

#### Procuring Services or Personal Property, Purchases greater than \$100,000

When the Board contemplates a purchase or lease of personal property or the hiring of services, other than personal property or services excluded pursuant to Idaho Code § 67-2803, valued in excess of \$100,000, the following procurement procedures shall apply.

1. The purchase or lease shall be made pursuant to an open competitive sealed bid process with the procurement to be made from the qualified bidder submitting the lowest bid price that complies with bidding procedures and meets the specifications for the goods and/or services sought to be procured.
2. The request for bids shall set a date, time, and place for the opening of bids. Two notices soliciting bids shall be published in the official newspaper of The Network Schools. The first notice shall be published at least two weeks before the date for opening bids, with the second notice to be published in the succeeding week at least seven days before the date that bids are scheduled to be opened. The notice shall succinctly describe the personal property and/or services to be procured. Copies of specifications, bid forms, bidder's instructions, contract documents, as well as general and special instructions shall be made available upon request by any interested bidder.
3. The notice shall explain that written objections to specifications or bidding procedures must be received by the Board or its designee at least three business days before the date and time upon which bids are scheduled to be opened.

4. If the Board deems it to be in The Network Schools' best interest, it may require all bidders to provide bid security in an amount equal to at least 5% of the amount bid. If so required, a bid shall not be considered unless one acceptable form of security is enclosed with it, and it is submitted in a form which substantially complies with the form provided by the School. The Board may require that bid security be provided by means of the following:
  - A. Cash;
  - B. A cashier's check made payable to The Network Schools;
  - C. A certified check made payable to The Network Schools; or
  - D. A bidder's bond executed by a qualified surety company, made payable to The Network Schools.
5. No bid received by The Network Schools after the time set in the notice for opening of bids may be withdrawn. When sealed bids have been received, they shall be opened in public at a designated place and time. Thereafter the bids are compiled and submitted to the Board for award or, if a designee had been authorized, for approval of the designee's award.
6. In the event the successful bidder fails to execute the contract, the amount of the bidder's security may be forfeited to The Network Schools at the sole discretion of the Board. Thereafter the proceeds may be deposited in a designated fund out of which reasonable expenses incurred in procuring substitute performance are paid.
7. The Board may, on the refusal or failure of the successful bidder to execute the contract, award the contract to the next lowest qualified bidder. If the Board awards the contract to the next lowest qualified bidder, the amount of the lowest qualified bidder's security may be applied by the Board to the difference between the lowest responsive bid and the next lowest responsive bid, and the surplus, if any, shall be returned to the lowest bidder if cash or check is used, or to the surety on the bidder's bond if a bond is used. The Board may retain a reasonable administrative cost not to exceed 25% of the amount of the bidder's security.
8. In its discretion, the Board or its designee may reject all bids presented and re-bid or, after finding it to be a fact; the Board may pass a resolution declaring that the subject goods or services can be procured more economically on the open market.
9. If the Board chooses to award the contract for delivery of personal property or services to a bidder other than the apparent low bidder, the Board shall first declare in open session at a duly noticed public meeting its reason or reasons for the award and shall communicate such reason or reasons in writing to all bidders that responded to The Network Schools' solicitation for bids.
10. The solicitation shall explain that if any participating bidder objects to the Board's award to a bidder other than the lowest apparent bidder, such bidder shall, within seven calendar days of the date of transmittal of the notice, object in writing to the award and specifically identify the reason or reasons that the Board's award is in error. Thereafter, the Board shall stay performance of the award until after the Board reviews and addresses the bidder's objections. The Board shall then review its decision and determine whether to affirm its prior award, modify the award, or choose to re-bid and will identify its reason or reasons therefor. The Board shall not delegate this responsibility. After completion of the review process, the Board may proceed as it deems to be in the public's best interest.

11. If two or more bids are the same and the lowest responsive bids, the Board or its designee may accept the one it deems to be in the public's best interest.
12. In its discretion, when the Board purchases goods, it may forgo the above request for bids procedure and may preauthorize the purchase of goods (but not services) at a public auction.

**Requests for Proposals:** The Board may utilize a request for proposal process as set forth below as an alternative to the competitive bidding process required by the Procuring Services or Personal Property policy subsection set forth above, when the Board contemplates a procurement of goods or services for which the Board determines one or more of the following is true:

1. The submission of fixed specifications by the Board may prevent the discovery of a more cost-effective solution;
2. The specific need to be satisfied by the procurement is amenable to more than one solution; or
3. Factors other than price will determine the best option for The Network Schools to satisfy or solve The Network Schools' specific need.

**Factors to be Considered:** When the Board utilizes the request for proposal process, it may consider the following factors when evaluating the vendor's responses to the request:

1. An innovative solution that is offered;
2. Unique product features;
3. Price;
4. Vendor experience in the market;
5. Financial stability of a vendor;
6. Differences among vendors in their ability to perform contract requirements in a timely or efficient manner;
7. Ability to meet product specifications;
8. Product quality;
9. Product performance records;
10. Past performance by a vendor;
11. Future product maintenance or service requirements; and
12. Product warranties.

#### Requirements of a Request for Proposals

At a minimum, a request for proposals shall:

1. State the instructions of the process;
2. Identify the scope of work for the goods or services contemplated;
3. Identify the selection criteria;
4. Identify the contract terms; and
5. Identify the scoring methodology applying relative weights to factors considered.

Notification, solicitation, and consideration of objections to an award of a procurement contract pursuant to a request for proposal. The notification, solicitation, and consideration of contests concerning the award of a procurement contract pursuant to a request for proposal shall be in accordance with the same procedures and requirements set forth in the policy subsection pertaining to Procuring Services or Personal Property, subject to the selection criteria established by the Board at the outset of each such procurement. After the procurement recommendation is made to the Board under the Request for Proposal process described above, the documents and records compiled in the scoring process shall be made available for public

inspection.

Procedure History:

Promulgated: 10/22/2019

Reviewed:

Revised:

## The Network Schools

### FINANCIAL MANAGEMENT

#### 7407 Public Procurement of Goods and Services

The Network Schools shall at all times adhere to the bidding requirements for the procurement of goods and services as set out in state law.

#### Public Procurement of Goods and Services Bidding

\$0 to \$50,000	No bidding requirements	IC 67-2803 (2)
\$50,000 to \$100,000	Semi-formal bidding: Issue written requests for bids describing goods or services desired to at least 3 vendors. Allow 3 days for written response, unless an emergency exists; 1 day for objections. Keep records for 6 months. <u>Accept low bid, or reject all bids.</u>	IC 67-2806 (1)
\$100,000 and above	Formal bidding: Publish bid notice at least 2 weeks in advance of bid opening. Make bid specifications available; written objections allowed. May request bid security/bond. Can reject all if able to purchase more economically in the open market.	IC 67-2806 (2)

#### Exemptions to Public Procurement of Goods and Services Bidding

Personal Property	Already competitive bid (piggy-banking)	IC 67-2803 (1)
Less than \$50,000	Contracts or purchases of goods or services	IC 67-2803 (2)
Any Amount	Payments of Wages	IC 67-2803 (3)
Any Amount	Personal or professional services performed by an independent contractor. (Refer to info on qualifications in IC 67-2320)	IC 67-2803 (4)
Any Amount	Procurement of an interest in real property – lease or purchase	IC 67-2803 (5)
Any Amount	Procurement of insurance	IC 67-2803 (6)
Any Amount	Costs of Joint Powers participation	IC 67-2803 (7)
Any Amount	Procurement of used personal property	IC 67-2803(8)
Any Amount	Procurement from federal government general services administration (GSA) schedules or federal multiple award schedules (MAS)	IC 67-2803(9)



Any Amount	Procurement of personal property or services through contracts entered into by the division of purchasing of the department of administration of the state of Idaho	IC 67-2803(10)
Any Amount	Procurement of goods for direct resale	IC 67-2803(11)
Any Amount	Procurement of travel and training;	IC 67-2803(12)
Any Amount	Procurement of goods and services from Idaho correctional industries	IC 67-2803(13)
Any Amount	Procurement of repair for heavy equipment	IC 67-2803(14)
Any Amount	Procurement of software maintenance, support and licenses of an existing system or platform that was bid in compliance with state law	IC 67-2803(15)
Any Amount	Procurement of public utilities	IC 67-2803(16)
Any Amount	Procurement of food for use in jails or detention facilities	IC 67-2803(17)
Any Amount	Procurement of used equipment at an auction if authorized by the governing board	IC 67-2803(18)
Any Amount	Emergency Expenditures	IC 67-2808 (1)

Legal Reference: I.C. § 67-2801 et seq. Purchasing by Political Subdivisions

Policy History

Adopted: 2/21/2011

Reviewed: 6/20/2016-7/18/2016

Revised: 7/18/2016

Reviewed: 11/27/2017

Revised: 1/22/2018

Reviewed: 4/22/2019

Revised: 4/22/2019

## The Network Schools

### FINANCIAL MANAGEMENT

#### **7408 Entering into Professional Service Contracts with Design Professionals, Construction Managers, and Professional Land Surveyors—The Request for Qualifications Procedure**

##### Selection of Public Works Professionals to be Based on Qualifications

Notwithstanding any other provision of law to the contrary, it shall be the policy of this state that all public agencies and political subdivisions of the State of Idaho and their agents shall make selections for professional engineering, architectural, landscape architecture, construction management, and professional land surveying services, by persons and firms licensed pursuant to Idaho law to perform such professional services, on the basis of qualifications and demonstrated competence, and shall negotiate contracts or agreements with the licensed professional(s) selected to provide the requested professional services(s).

##### Procedures to Select Public Works Professionals for Contracts Greater than \$50,000

In carrying out this policy the Board shall use the following guidelines when securing contracts for engineering, architectural, landscape architecture, construction management, and land surveying services on projects for which the professional service fee is anticipated to exceed the total sum of \$50,000, excluding, however, those professional services contracts previously awarded by The Network Schools for an associated or phased project for which the expenditure is otherwise exempt from the bidding process otherwise required by law. To implement this policy:

1. The Board or its designee will provide a general description of the services being solicited and encourage persons or firms engaged in the services being solicited to submit statements of qualifications and past performance data.
2. The Board or its designee will establish and make available to the public a request for qualifications that includes the criteria and the procedures to be used for measurable scoring, ranking, and selection of qualified persons or firms to perform such services.
3. After receiving responses to a request for qualifications, the Board or its designee shall score and rank the responding persons or firms based on their qualifications and demonstrated competence pursuant to the Board's or its designee's established criteria and procedures. The list of ranked respondents, including the scoring used to develop the ranking, shall be made available to the public. Some examples of selection criteria for consideration may include but are not limited to:
  - A. A description of the firm, including its location and longevity;
  - B. Its past performance;
  - C. Its project manager and key staff experience, education, and training;
  - D. Its experience with similar projects;
  - E. Its specific approach to projects or assignments;
  - F. Its proposed schedule, if applicable; and
  - G. Its quality control procedures.

4. The Board or its designee shall select for negotiation the persons or firms whom the public agency or political subdivision determines to be the highest-ranked/best qualified.
5. The Board or its designee shall next negotiate with the highest ranked person or firm for a contract or an agreement to perform such services at a price determined by the Board to be reasonable and fair to the public after considering the estimated value, the scope, the complexity, schedule, and the nature of the services required.
6. In the event the Board or its designee is unable to negotiate a satisfactory contract or agreement with the highest ranked person or firm, it shall formally terminate negotiations and undertake negotiations with the next highest-ranked person or firm, following the procedure prescribed above.
7. In the event the Board or its designee is unable to negotiate a satisfactory contract or agreement with any of the selected persons or firms, it may recommence negotiations as described in the two items immediately above, until a contract or agreement is reached, or may, in its discretion, cancel the procurement.
8. **Published Request for Qualifications.** When the Board solicits proposals for qualifications for engineering, architectural, landscape architecture, construction management or land surveying services for which the professional service fee is anticipated to exceed the total sum of \$50,000, it shall publish public notice in the same manner as required for procurement of public works construction projects set forth at Procedure 7405P, which sets forth the procedures required by Section 67-2805(2) of Idaho Code.
9. **A List of Qualified Professionals.** In fulfilling the requirements of the items above, the Board may establish and select from a list of two or more persons or firms selected and preapproved for consideration by The Network Schools. When creating a preapproved list of qualified professionals, the Board or its designee shall first publish notice as set forth in the item immediately above. When selecting from such list, no notice shall be required.
10. Any list established under this item will be valid for up to five years, unless canceled by the Board prior to the list's expiration where the Board has first determined in open session that cancellation of the list would be in the public's best interest.

#### Procedures to Select Public Works Professionals for Contracts Less than \$50,000

When securing contracts for engineering, architectural, landscape architecture, construction management, or land surveying services on projects for which the professional service fee is anticipated to be less than the total sum of \$50,000, the Board may use the guidelines set forth in the above paragraphs, or may establish its own guidelines for selection based on demonstrated competence and qualifications to perform the type of services required, which shall then be followed by negotiation of the fee at a price determined by the Board to be fair and reasonable after considering the estimated value, scope, complexity, schedule, and nature of services required.

#### Approvals for Phased Projects

When the Board has previously awarded a professional services contract to a person or firm for an associated or phased project, the School may, at its discretion and in accordance with all

provisions of Section 59-1026 Idaho Code, negotiate an extended or new professional services contract with that person or firm.

Cross Reference: Policy 7405P Procuring Public Works, Services, and Personal Property

Legal References: I.C. § 67-2320 Professional Service Contracts with Design Professionals, Construction Managers and Professional Land Surveyors  
I.C. § 67-2805 Procurement of Public Works Construction  
I.C. § 59-1026 Willful and Knowing Avoidance of Competitive Bidding and Procurement Statutes

Other reference: Policies and Procedures Used Template, Idaho State Department of Education, <http://www.sde.idaho.gov/sped/funding/>

Policy History:

Adopted: 10/22/2019 Reviewed: 8/16/2021 Revised: 8/16/2021

## The Network Schools

### FINANCIAL MANAGEMENT

#### 7409 Acquisition of Real and Personal Property

##### Procurement of Public Works, Goods, or Services

Except for the purchase of curricular materials as defined in Idaho Code § 33-117A, all contracts for the construction, repair, or improvement of any real property, or the acquisition, purchase, or repair of any equipment, or other personal property necessary for the operation of Sage International School shall be entered into in accordance with the provisions of Procedure 7405P.

##### Purchase of Real Property

When purchasing real property for the Network Schools use, the Board may designate and purchase any real property which it finds is necessary for school purposes or for the operation of the Network Schools. After making such determination and to accomplish the purchase of the designated real property, the Board will:

1. Not more than one year prior to any purchase of real property, have such property appraised by an appraiser certified in the state of Idaho. This appraisal shall be entered into the records of the Board and shall be used to establish the value of the real property
2. Determine the size of the site necessary for the Network Schools purposes. The location of the site shall be consistent with Sage International, Articles and Bylaws.

Cross References: Policy 7405P Procuring Public Works, Services, and Personal Property

Legal References: I.C. § 33-5204 Nonprofit Corporation – Liability - Insurance  
I.C. § 33-601 Real and Personal Property—Acquisition, Use, or Disposal  
of Same

##### Policy History:

Adopted: 1/13/2020

Reviewed:

Revised:

## The Network Schools

### FINANCIAL MANAGEMENT

#### 7410 Petty Cash Funds

The use of petty cash funds shall be authorized for specific purchases only. Those purchases will include individual purchases of supplies and materials under the amount of Fifty Dollars (\$50), postage, delivery charges, and freight. Individual personal reimbursements which exceed Fifty Dollars (\$50) should not be made from petty cash funds. Petty cash accounts will be maintained as cash on hand, and the total dollar amount of each petty cash account will be limited to Two Hundred Dollars (\$200) for secondary schools and One Hundred Dollars (\$100) for elementary schools, school offices and departments.

Each Administrative Staff member with a petty cash fund account may appoint and designate a fund custodian to carry out the bookkeeping and security duties. Monies which are not specifically petty cash monies shall not be co-mingled with the petty cash fund. At the conclusion of each school year, all petty cash funds must be closed out and the petty cash vouchers and cash on hand returned to the business office for processing.

The Network Schools' business office shall be responsible for establishing the procedures involving the use and management of petty cash funds as outlined above.

#### Policy History:

Adopted: 2/21/2011      Reviewed: 4/22/2019      Revised: 4/22/2019

## The Network Schools

### 7420 Personal Reimbursements

While it is recommended that all purchases of goods or services be made within established purchasing procedures, there may be an occasional need for an employee to make a purchase for the benefit of The Network Schools from personal funds. In that event, an employee will be reimbursed for a personal purchase under the following criteria:

1. It is clearly demonstrated that the purchase is of benefit to The Network Schools;
2. The purchase was made with the prior approval of an authorized administrator;
3. The item purchased was not available from resources within The Network Schools; and
4. The claim for personal reimbursement is properly accounted for and documented with an invoice/receipt;

The Network Schools business office will be responsible for the development of the procedures and forms to be used in processing claims for personal reimbursements.

#### Policy History:

Adopted: 2/21/2011      Reviewed: 4/22/2019      Revised: 4/22/2019

## The Network Schools

### FINANCIAL MANAGEMENT

#### 7430 Travel Allowances and Expenses

Every Network Schools employee and Board member will be reimbursed for travel expenses while traveling outside of The Network Schools area and engaged in official Network Schools business. All travel expenses must be reported on The Network Schools-approved travel voucher forms and, for employees, approval must be granted prior to traveling by the employee's supervisor and the Executive Director. The Network Schools will adhere to the State Travel Policy, which can be found at <https://goo.g/eDiSGc>.

The Network Schools' business office will be responsible for the development of procedures and forms to be used in connection with travel expense claims and reimbursements.

#### Types of Travel

**In School Expenses:** The Network Schools employees and Board Members shall be reimbursed for actual and necessary expenses incurred within The Network Schools while attending to The Network Schools business. Actual mileage driven for pre-approved in The Network Schools travel shall be reimbursed. It is the responsibility of the Board to review travel within The Network Schools by the Executive Director or by Board Members.

Meals incurred inside The Network Schools shall not be reimbursed, except for banquets attended to represent The Network Schools.

**Out of School Travel:** Travel outside of The Network Schools must be pre-approved. Board Members shall obtain Board approval prior to incurring out of The Network Schools expenses, and employees shall obtain prior approval from their supervisor and the Executive Director.

Actual monies spent for food while on out of The Network Schools trips requiring an overnight stay shall be reimbursed.

The Network Schools employees and Board Members shall be reimbursed for actual and necessary expenditures incurred outside The Network Schools.

#### Documentation of Expenses

Expenses not in compliance with this policy shall not be reimbursed or paid by the Board.

Prior to reimbursement of actual and necessary expenses, a The Network Schools employee or Board Member must submit a detailed receipt indicating the date, purpose, and nature of the expense for each claim item and any appropriate travel expense or voucher form. Expenses requiring prior approval must also include a copy of the written prior approval. Employees shall submit their receipts, travel expense forms, and voucher forms to the Executive Director. The Executive Director and Board Members shall submit such documentation to the Board. Failure to provide a detailed receipt will make the expense non-reimbursable.

In exceptional circumstances, the Board may allow a claim without a proper receipt. Written



documentation explaining the exceptional circumstances will be maintained as part of The Network Schools' record of the claim.

The Board directs the Executive Director to promulgate procedures specifying which expenses shall be reimbursable for travel of different distances and durations.

#### Travel Costs Under Federal Award

**General:** Travel costs are the expenses for transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of a grant recipient. Such costs may be charged on an actual cost basis, or on a per diem or mileage basis in lieu of actual costs incurred, or on a combination of the two, provided the method used is applied to an entire trip and results in charges consistent with those normally allowed in like circumstances in the recipient's non-federally funded activities and in accordance with the recipient's written travel reimbursement policies.

**Lodging and subsistence:** Costs incurred by employees and officers for travel, including costs of lodging, other subsistence, and incidental expenses, shall be considered reasonable and otherwise allowable only to the extent such costs do not exceed charges normally allowed by The Network Schools in its regular operations as the result of its written travel policy. In addition, if these costs are charged directly to the federal award, The Network Schools will maintain documentation justifying the following:

1. Participation of the individual is necessary to the federal award; and
2. The costs are reasonable and consistent with this policy and any related procedures.

Temporary dependent care costs above and beyond regular dependent care that directly results from travel to conferences are allowable provided that:

1. The costs are a direct result of the individual's travel for the federal award;
2. The costs are consistent with this policy and any related procedures; and
3. Are temporary, lasting only during the travel period.

Travel costs for dependents are unallowable, except for travel of duration of six months or more with prior approval of the federal awarding agency.

**Commercial air travel:** Airfare costs in excess of the basic, least expensive unrestricted accommodations class offered by commercial airlines are unallowable except when such accommodations would:

1. Require circuitous routing;
2. Require travel during unreasonable hours;
3. Excessively prolong travel;
4. Result in additional costs that would offset the transportation savings; or
5. Offer accommodations not reasonably adequate for the traveler's medical needs.

Legal Reference: I.C. § 33-701 Fiscal Year – Payment and Accounting of Funds  
2 C.F.R. § 474 Travel Costs

#### Policy History:

Adopted: 2/21/2011

Reviewed: 6/20/2016-7/18/2016

Revised: 7/18/2016

Reviewed: 4/22/2019

Revised: 4/22/2019

## **The Network Schools**

### **FINANCIAL MANAGEMENT**

#### **7440 Credit/Debit Cards**

The Board permits the use of The Network Schools credit/debit cards by certain school officials to pay for actual and necessary expenses incurred in the performance of work-related duties for The Network Schools.

All credit/debit cards will be in the name of The Network Schools. Cards may only be used for legitimate Network Schools business expenditures. The use of cards is not intended to circumvent The Network Schools' policy on purchasing. Purchases that are unauthorized, illegal, represent a conflict of interest, are personal in nature or violate the intent of this policy may result in card revocation and discipline of the employee.

Credit cards are only issued to The Network Schools Administrative Staff. Prior approval is needed from the Executive Director or Business Manager before any purchases are made using The Network Schools cards.

The Executive Director or Business Manager shall monitor monthly the use of each card by reviewing card expenditures and report any serious problems and/or discrepancies directly to the Board.

#### Credit/Debit Card Users

A list of those individuals that will be issued a The Network Schools card will be maintained in the Business Office and any changes shall be reported to the Board at the next regular meeting. Card users must take proper care of the card(s) and take all reasonable precautions against damage, loss or theft. Any damage, loss or theft must be reported immediately to the Business Manager and to the appropriate financial institution. Failure to take proper care of cards or failure to report damage, loss or theft may subject the employee to financial liability.

Users must submit detailed documentation, including itemized receipts for services, travel and/or other actual and necessary expenses which have been incurred in connection with school-related business for which the card has been used. Failure to provide a proper receipt can make the employee responsible for expenses incurred.

#### Return of Credit/Debit Card

A Network Schools employee who is no longer employed by The Network Schools shall return the card upon termination to the Executive Director or Business Manager no later than five calendar days after termination.

#### Misuse and/or Unauthorized Use

An employee who violates a provision of this policy shall have his/her card revoked immediately and shall be subject to disciplinary action as determined by the Executive Director. If the Executive Director violates a provision of this policy, he/she shall be subject to disciplinary action as determined by the Board. Violation of this policy may result in a report to the local law enforcement.

Additional Procedures

The Executive Director, in consultation with the Business Manager, may establish additional procedures governing the issuance and use of The Network Schools credit/debit cards that do not contradict any part of this policy. Each cardholder shall be apprised of the procedures governing the use of the credit card and a copy of this policy and accompanying procedures shall be given to each cardholder.

Cross Reference: Financial Management Policy 7110 Budget Implementation and Execution

Legal References: I.C. § 18-5701 Misuse of Public Money by Officers  
I.C. § 18-5703 Definitions

Policy History:

Adopted: 2/21/2011	Reviewed: 6/20/2016-7/18/2016	Revised: 7/18/2016
	Reviewed: June-July 2017	Revised: 7/12/2017
	Reviewed: 4/22/2019	Revised: 4/22/2019

## The Network Schools

### FINANCIAL MANAGEMENT

#### 7450 Federal Cash Management Policy

All responsible The Network Schools employees shall comply with applicable methods and procedures for payment that minimize the time elapsing between the schools' receipt of federal funds and their disbursement by The Network Schools, as required by the Cash Management Improvement Act of 1990. Generally, The Network Schools receives payment of federal funds from the State Department of Education on a reimbursement basis.

According to guidance from the U.S. Department of Education (USDE), when calculating the interest earned on USDE grant funds, regardless of the date of obligation, interest is calculated from the date that the federal funds are drawn down from the G5 system until the date on which those funds are disbursed by The Network Schools.

#### Payment Methods

**Reimbursements:** The Network Schools will initially charge federal grant expenditures to nonfederal funds.

The Network Schools' Business Manager shall request reimbursement for actual expenditures incurred under the federal grants monthly. All reimbursements are based on actual disbursements, not on obligations. Reimbursement requests shall be submitted on a The Network Schools form to the State Department of Education.

The Executive Director or his or her designee shall promulgate a procedure specifying any further requirements. Consistent with state and federal requirements, The Network Schools shall maintain source documentation supporting the federal expenditures; such as invoices, time sheets, and payroll stubs; and will make such documentation available for the State Department of Education to review upon request. Reimbursements of actual expenditures do not require interest calculations.

**Advances:** To the extent The Network Schools receives advance payments of federal grant funds; The Network Schools shall strive to expend the federal funds on allowable expenditures as expeditiously as possible. Specifically, The Network Schools shall attempt to expend all drawn downs of federal funds within 72 hours of receipt.

The Network Schools shall hold federal advance payments in interest-bearing accounts, unless an allowable exception applies. The Network Schools shall begin to calculate interest earned on cash balances once funds are deposited into The Network Schools' account.

Interest shall be calculated quarterly. Total federal grant cash balances shall be calculated on cash balances per grant and applying The Network Schools' actual interest rate. Within 30 days of the end of the quarter, The Network Schools shall remit interest earned. The Network Schools may retain up to \$500 of interest earned per year.

The Executive Director or his or her designee shall promulgate a procedure specifying the process for remitting interest.

Legal Reference: 2 CFR § 200.305 Payment  
31 CFR § 205 Rules & Procedures for Efficient Federal-State Funds Transfers

Policy History:

Adopted: 7/18/2016      Reviewed: 4/22/2019      Revised: 4/22/2019

## The Network Schools

### FINANCIAL MANAGEMENT

#### 7450P1 Timely Obligation of Funds

##### When Obligations are Made

Obligations are orders placed for property and services, contracts, and subawards made, and similar transactions during a given period that require payment by The Network Schools during the same or a future period.

Funds received under a federal grant shall be considered to be obligated according to the standards provided in 34 C.F.R. § 75.707 or 34 C.F.R. § 76.707, as applicable. The following table illustrates when funds are determined to be obligated under federal regulations:

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

##### Period of Performance of Federal Funds

All obligations must occur on or between the beginning and ending dates of the grant project. This period of time is known as the period of performance. The period of performance is dictated by statute and will be indicated in the Grant Adjustment Notice (GAN). Further, certain grants have specific requirements for carryover funds that must be adhered to.

**State-Administered Grants:** As a general rule, state-administered federal funds are available for obligation within the year that Congress appropriates the funds for. However, given the unique nature of educational institutions, for many federal education grants, the period of availability is 27 months. Federal education grant funds are typically awarded on July 1 of each year. While The Network Schools will always plan to spend all current grant funds within the year the grant was appropriated for, the period of obligation for any grant that is covered by the “Tydings Amendment” is 27 months, extending from July 1 of the fiscal year for which the funds were appropriated through September 30 of the second following fiscal year. This maximum period includes a 15-month period of initial availability, plus a 12-month period for carryover. For example, funds awarded on July 1, 2015 would remain available for obligation through September 30, 2017.

**Direct Grants:** In general, the period of availability for federal funds authorized under direct grants is identified in the GAN.

For both state-administered and direct grants, regardless of the period of availability, The Network Schools must liquidate all obligations incurred under the award not later than 120 days after the end of the funding period unless an extension is authorized. Any funds not obligated within the period of availability or liquidated within the appropriate timeframe are said to lapse and must be returned to the awarding agency. Consequently, The Network Schools shall closely monitor grant spending throughout the grant cycle.

The District shall submit all financial, performance, and other reports required by the terms and conditions of the federal award before the end of this 120-day period. Any such reports required to be submitted to a pass-through entity shall be provided within 90 days of the end of the funding period, unless an extension is authorized.

#### Carryover

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

Any carryover in individual federal programs is determined in an annual audit performed each year according to GAAP and State statutes. After carryover amounts are determined, they are reported and administered according to specific federal award requirements as outlined in the individual program applications.

#### Procedure History:

Promulgated: 4/22/2019      Reviewed: 3/15/2021      Revised: 3/15/2021

## The Network Schools

### FINANCIAL MANAGEMENT

#### 7450P2 Program Income

##### Definition

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

Program income includes, but is not limited to, income from fees for services performed, the use or rental of real or personal property acquired under federal awards, the sale of commodities or items fabricated under a federal award, license fees and royalties on patents and copyrights, and principle and interest on loans made with federal award funds. Interest earned on advances of federal funds is not program income. Except as otherwise provided in federal statutes, regulations, or the terms and conditions of the federal award, program income does not include rebates, credits, discounts, and interest earned on any of them. Proceeds from the sale of real property, equipment, or supplies are not program income.

##### Use of Program Income

The default method for the use of program income for The Network Schools is the deduction method. Under the deduction method, program income is deducted from total allowable costs to determine the net allowable costs. Program income will only be used for current costs unless The Network Schools is otherwise directed by the federal awarding agency or pass-through entity. The LEA may also request prior approval from the federal awarding agency to use the addition method. Under the addition method, program income may be added to the Federal award by the Federal agency and the non-Federal entity. The program income must then be used for the purposes and under the conditions of the Federal award.

While the deduction method is the default method, The Network Schools shall always refer to the GAN prior to determining the appropriate use of program income.

It is the policy of The Network Schools that no program income will be generated in federal programs. If program income is generated, the Business Manager will account for it in accordance with The Network Schools' normal accounting procedures, utilizing the special revenue accounting codes of IFARMS, and track as program income attributable to a specific federal program.

##### Procedure History:

Promulgated: 4/22/2019

Reviewed:

Revised:



## **The Network Schools**

### **FINANCIAL MANAGEMENT**

#### **7455 Federal Debarment and Suspension**

For all Network Schools programs receiving federal funds, the Network Schools shall comply with all applicable Federal regulations that restrict or prohibit transactions using Federal funds with all persons or entities that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities.

This limitation is directed by Executive Order 12549 which provides that “a person who is debarred or suspended shall be excluded from Federal financial and nonfinancial assistance and benefits under Federal programs and activities.” Thus, the Network Schools shall refrain from entering into any transaction with a person or entity which has been suspended or debarred by the U.S. Department of Education, or other federal agency from which the Network Schools has received federal funds.

#### Covered Federal Non-Procurement Transactions

Federal funds received by the Network Schools that are covered by this policy include, but are not necessarily limited to funds received from the following transactions:

1. Grants;
2. Cooperative agreements;
3. Scholarships;
4. Fellowships;
5. Contracts of assistance;
6. Loans;
7. Loan guarantees;
8. Subsidies;
9. Insurances;
10. Payments for specified uses; and
11. Donation agreements.

#### District's Covered Transactions with Third Parties

This Policy applies to circumstances where the Network Schools enters into a procurement contract with a third party for goods and/or services, and intends to use covered federal funds to partially or fully purchase such goods and/or services, as more specifically described below:

A contract for goods or services is a “covered transaction” if any of the following applies:

1. The contract is awarded to the Network Schools pursuant to a nonprocurement transaction listed above and the amount of the contract is expected to equal or exceed \$30,000; or
2. The contract requires the consent of an official of a federal agency. In that case, the contract, regardless of the amount, is always considered a covered transaction, and it does not matter who awarded it. For example, it could be a subcontract awarded by a contractor at a tier below the District's nonprocurement transaction; or

3. The contract is for federally-required audit services.

In addition, a subcontract is also a covered transaction if:

1. It is awarded by a participant in a procurement transaction under a non-procurement transaction of a Federal agency that extends the coverage of Item 1 above, under “District’s Covered Transactions with Third Parties”; and
2. The value of the subcontract is expected to equal or exceed \$30,000.

#### The Network Schools Responsibilities before Entering Into Covered Transactions - Prohibition

Prior to entering into a “covered transaction” with a third party, the Network Schools shall verify the person or entity with whom it intends to do business is not excluded or disqualified by performing any one of the following:

1. Checking the Excluded Parties List System (EPLS);\*
2. Collecting a certification from that person; or
3. Adding a clause or condition to the covered transaction with that person.

*\* The General Services Administration maintains the EPLS and makes it available to requesting parties. When a Federal agency takes an action to exclude a person under the nonprocurement or procurement debarment and suspension system, the agency enters the information about the excluded person into the EPLS. The EPLS may be accessed online at: <http://epls.arnet.gov> or <http://www.epls.gov>. If the Network Schools has a question about any person or entity on the EPLS, it should contact the point of contact for the federal agency that placed the person’s name into the EPLS. The agency’s point of contact is identified in the EPLS.*

In the event the third party is on the EPLS, the Network Schools shall not enter into the contemplated transaction unless and until the federal agency responsible for providing the School with the Federal funds grants a written exception.

Legal Reference: 2 CFR § 200.213	Suspension and debarment
2 CFR § 180	Guidelines to Agencies on Government-Wide Debarment and Suspension (Nonprocurement)
13 CFR § 400.109.	Government-wide Debarment and Suspension
31 U.S.C. § 6503	Intergovernmental financing (Cash Management Improvement Act of 1990)

#### Policy History:

Adopted on: 1/13/2020

Reviewed on: 3/15/2021

Revised on: 3/15/2021