**NHCS Grant Management Procedures**

Grant managers are responsible for coordination, implementation and accounting for project activities in compliance with all grant requirements. Ask yourself the following questions to help you get started with the basics of managing your new grant:

* Who needs the information and how will it be used?
* What kinds of actions must be tracked and by whom?
* How will you be expected to demonstrate compliance? For example, monthly, quarterly or annual reports? Did the grantor provide guidelines for these reports?
* Does the type or size of the school or school system affect the nature of your tracking and compliance responsibilities?

***Grant Management Procedures***

**A. Board Policies**

Grant budget managers are responsible for following all Board of Education policies and NHCS procedures to administer the grant appropriately. These include but are not limited to:

* **Policy 4610 Purchasing** - Purchasing shall comply with all State purchasing policies and if applicable, federal purchasing policies.
* **Policy 3410 Contract Administration** - Contracts must be prepared in compliance with all local and grantor requirement, and shall be pre-audited *in advance* by the Chief Financial Officer.
* **Policy 4600 Disposition of Property** - Surplus equipment may only be disposed with Board approval. Additionally, equipment purchased with Federal Grant Funds may not be disposed of without Grantor written approval.
* NHCS Workshop & Meeting Procedures
* NHCS Travel Procedures
* NHCS Disbursement Procedures
* NHCS Inventory Procedures

It is recommended that grant budget managers be familiar with NC Public Schools Uniform Chart of Accounts. This information is available online through NCDPI website at:

[www.ncpublicschools.org/fbs/finance/reporting](http://www.ncpublicschools.org/fbs/finance/reporting)

**B. Budget and Budget Transfers**

The grant budget manager shall submit a line item budget to the Finance Department and obtain approval *before* any expenditure can be made.

After the Finance Department approves the budget, a Program Report Code (PRC) is assigned to the grant. The Finance Department enters a line item budget in the General Ledger System. The grant budget manager, upon request of the Chief Financial Officer, can be set up to have inquiry capabilities on the general ledger system in order to reconcile the grant funds. Training is available upon request.

* All federal grants that pass-through the Department of Public Instruction are coded to *Fund 3*. All other private and public grants received are coded to *Fund 8*.
* Grants have beginning and ending dates. Funds must be used between these two dates. If expenditures are made outside of this time frame the grantor has the right to request that the funds be returned. All items should be ordered in sufficient time for goods to be received and invoices to be paid *prior* to the ending date of the grant. Of specific note is that a grant may have beginning and ending dates that differ from the state fiscal year. In this event, your grant may fall across two fiscal years.
* Some grants have a liquidation period during which previously encumbered items may be received and paid. For example, a grant that ends on 9/30 may have a liquidation period with all invoices paid by 12/31.
* If the initial line item budget needs to be changed, the grant budget manager shall complete a budget transfer form and submit it to the Finance Department.
* The grant budget manager should attend training sessions offered by the Finance Department to be updated on any new procedures or guidelines.
* The grant budget manager should run program reports and reconcile monthly. Contact the Finance Department with any discrepancies or questions.

**C. Expenditures**

Typical grant-related expenditures are personnel costs, purchase of supplies, materials, equipment, copying/printing, travel and contractual.

* **Allowable Charges** - Most grants require a “line item” budget. Grant documents or approval notices are specific as to “allowable charges” for each grant. The budget manager should be familiar with “allowable charges” for each grant.
* The grant budget manager shall turn in all expenditure requests to the Finance Department as they occur. Travel and staff development (extra duty pay) expenses should be submitted *in the month the expense occurs.*
* As a general rule, food may not be purchased through grant programs unless there are specific provisions made by the grantor. This is rarely available through public funding. When food is allowed, it is most often justified because it supports a meeting in which *not having the food* is a barrier to attendance (such as parent or evening meetings). In the event that food is an allowable expense, you must provide a sign-in sheet documenting the number of people attending the event. All receipts for food purchases, caterers’ bills, etc. should be provided with the sign in sheet for the meeting.
* See Grant Related Contacts (Item G) for working with contractors.

**D. Receiving Funds**

Grant funds may be received by the school system in one of several ways from the grantor.

1. All of the funds are received at the *start date* of the grant.
2. The funds can be received at *increments* throughout the life of the grant.
3. The funds will be received as a *reimbursement* to expenses already incurred.
* **Reimbursements** - Grants may require funds be expended by the grantee and then subsequently reimbursed. In this case, the grant budget manager prepares the necessary information and sends it to the Finance Department. The Finance Department sends a monthly reimbursement report to the grantor. The Finance Department retains all supporting documentation for these expenditures. Other grantors monitor expenditures by having the grant budget manager send in monthly reports that compare the expenditures with the line item budget.
* **Receipt Procedures** - The grant budget manager shall follow all of the Finance Department’s receipt procedures.

**E. Pass-Through Agency**

A “Pass-Through Agency” is an agency given the authority to handle the “paperwork” of the grant, but is not the agency that provides the funding for the grant. It is very important to understand how the grant is administered, since the “pass-through agent” and the “funding agent” can have different requirements. Many grants are funded with federal money but have NCDPI as the “pass-through agency” to administer the grant program, while others have NHCS as the “pass-through agency”.

**F. Indirect Costs**

Indirect costs may be charged to the grant program if allowed by the grantor. Indirect costs reimburse New Hanover County Schools for support costs such as utilities and administrative support. The rate is usually set by the grantor or by the NC Department of Public Instruction and is charged based on a percentage of all non-equipment purchases. Current rates are maintained by the Finance Department.

**G. Grant Related Contracts**

In addition to overall grant management responsibilities, the grant budget manager also assumes responsibilities associated with grant-related contracts. The following information is provided to assist with developing grant-related contracts, including documentation and invoices from contractors providing services for the school system on behalf of a grant program.

A school system sample contract is provided on the NHCS Finance website under Finance forms to assist you in developing a grant-related contract. The Chief Financial Officer should be the first person to sign this contract.

Please note that while grant funds may be given to our school system based on a different fiscal year than our own, we are still obligated to follow the state fiscal year. This may mean that a contract will be needed in two separate fiscal years. For example, the state fiscal year is July to June, while Federal grants often follow the Federal fiscal year of October 1 to September 30.

***Hiring versus Contracting Services***

The IRS has very specific guidelines that govern the appropriate classification of an independent contractor versus an employee. It is recommended that if you are planning to hire out personnel services through a grant related-contract that you consult with the Director of Human Resources to determine if the relationship is contractor or employee.

***Contractor Rates***

When you are negotiating rates with a contractor, it is easier for documentation purposes if their rate is inclusive of all costs. In other words, if they want to include travel reimbursement, copying and other administrative costs, documentation is made easier if the contractor comes up with one inclusive, fair rate as the cost of doing business. In the event a contractor provides an inclusive rate, the contractor should provide sufficient detail for how the rate is derived.

***Sub-Contracting***

A contractor may be able to sub-contract services unless you specifically prohibit this activity in your grant. The grant budget manager may include language that prohibits subcontracting.

***Transportation***

Transportation contracts may have special provisions. All related transportation requirements must be in the contract. If transportation is being provided for children through a grant program, we strongly recommend you review options with New Hanover County School’s Transportation Department. Please note that when transporting children via alternate transportation, contractors assume all risks and liability associated with this transportation. This should be made clear in the contract. For more information, contact NHCS Transportation at 254-4080.

***Contractor Invoices***

New Hanover County Schools would prefer one invoice per month from a contractor during the term of the contract. NHCS payment terms are net 30 (or invoices are paid within 30 days).

Please note that contractors are required to provide a tax ID number or Social Security number in order to receive payment.

The grant budget manager should review an invoice submitted by a contractor prior to signing and dating it. The grant budget manager’s signature indicates that the services identified in the invoice have been provided in accordance with the contract.

Grant budget managers should carefully monitor the invoice status of contractors and coordinate timing of invoice payments with the Accounts Payable Department prior to the end of the grant period (e.g., 6/30 or 9/30 if state or federal respectively).

If you have any additional questions about grant contract procedures, please contact the Finance Department.

**H. Reporting and Documentation**

The grant budget manager shall complete any required reports by the grantor and submit these to the grantor on a timely basis.

The grant budget manager shall send the **Finance Department** a ***copy*** of:

* The final signed grant application (signed by NHCS and the grantor).
* The approval notice when received by the grantor.
* A completed “*Grant Fact Sheet*” for each year of the grant, submitted at the beginning of the grant fiscal year.
* If applicable, a list of matching funds by budget code.

The **Grant Budget Manager** shall maintain the following documentation by “**grant year**”.

1. Grant application (signed by NHCS and the grantor) for each grant year
2. Grant approval notice from the grantor for each year
3. All correspondence to the grantor
4. Beginning and ending dates of the grant (reversion deadlines)
5. A copy of each year’s budget specific to the grant
6. A copy of all budget amendments and transfers
7. Supporting documentation for expenditures: requisitions, purchase orders, contracts, staff development rosters, etc.
8. Reports required by the grantor in the grant application or other grant documents (i.e., staff documentation supporting the purpose of the grant)
9. Grant documentation should be retained for 3 years after the grant has ended.
10. Maintain inventory records for all equipment purchased with grant money (definition of

 equipment is any supply item having a useful life of more than 1 year)

1. If applicable, a list of other agencies (either within NHCS or outside agencies) that are

 involved with the grant.

**I. Finance Department Responsibilities**

The Finance Department is a partner with the grant budget manager in assuring that grant funds are spent in accordance with both school system policies and procedures and grantor budget requirements. The Finance Department will have a file on each grant that contains:

1. The grant’s budget code numbers
2. A copy of the grant application (signed by NHCS and the grantor)
3. The grant approval notice
4. A “*Grant Fact Sheet*” completed by the Grant Budget Manager for each year
5. Documentation, which will provide an audit trail, for the receipt and expenditures of the

 grant funds

If applicable, sales tax refunds will be credited to the grant when received by the Finance Department. The Finance Department, upon request of the grant budget administrator, will provide information so that the grant administrator can apply for a grant. This could include current year fidelity bond coverage, blanket bond coverage and financial statements. Current financial statements are on the Finance website.