

**BLUFFVIEW MONTESSORI SCHOOL
POLICY 721
UNIFORM GRANT GUIDANCE POLICY REGARDING FEDERAL REVENUE
SOURCES**

I. PURPOSE

The purpose of this policy is to ensure compliance with the requirements of the federal Uniform Grant Guidance regulations by establishing uniform administrative requirements, cost principles, and audit requirements for federal grant awards received by Bluffview Montessori School.

A charter school procurement policy must at a minimum include:

1. conflict of interest provisions consistent with Minnesota Statutes, section 124E.14;
2. thresholds for purchases by employees without board approval;
3. Thresholds for purchases that require competitive bidding processes, except that a competitive bidding process must occur for any procurement estimated to exceed \$25,000; and
4. a prohibition on breaking up a procurement into smaller components to avoid the thresholds established in 2. and 3. above.

[NOTE: The 2024 Minnesota legislature added these requirements.]

II. DEFINITIONS

[NOTE: In October 2024, MSBA updated Article II to ensure that the definitions are presented in alphabetical order.]

- A. “Compensation for personal services” includes all remuneration, paid currently or accrued, for services of employees rendered during the period of performance under the federal award, including, but not necessarily limited to, wages and salaries. Compensation for personal services may also include fringe benefits which are addressed in 2 Code of Federal Regulations section 200.431 (Compensation - Fringe Benefits).
- B. “Contract” means a legal instrument by which a non-federal entity purchases property or services needed to carry out the project or program under a federal award. The term, as used in 2 Code of Federal Regulations Part 200, does not include a legal instrument, even if the

non-federal entity considers it a contract, when the substance of the transaction meets the definition of a federal award or subaward.

- C. “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.
- D. “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 exceeds the lesser of the capitalization level established by the non-federal entity for financial statement purposes, or \$10,000.
- E. “Federal award” has the meaning, depending on the context, in either paragraph 1. or 2. of this definition:
 - 1.
 - a. The federal financial assistance that a non-federal entity receives directly from a federal awarding agency or indirectly from a pass-through entity, as described in 2 Code of Federal Regulations section 200.101 (Applicability); or
 - b. The cost-reimbursement contract under the federal Acquisition Regulations that a non-federal entity receives directly from a federal awarding agency or indirectly from a pass-through entity, as described in 2 Code of Federal Regulations section 200.101 (Applicability).
 - 2. The instrument setting forth the terms and conditions. The instrument is the grant agreement, cooperative agreement, other agreement for assistance covered in paragraph (b) of 2 Code of Federal Regulations section 200.40 (Federal Financial Assistance), or the cost-reimbursement contract awarded under the federal Acquisition Regulations.
 - 3. “Federal award” does not include other contracts that a federal agency uses to buy goods or services from a contractor or a contract to operate federal-government-owned, contractor-operated facilities.
- F. Grants
 - 1. “State-administered grants” are those grants that pass through a state agency such as the Minnesota Department of Education (MDE).
 - 2. “Direct grants” are those grants that do not pass through another agency such as MDE and are awarded directly by the federal

awarding agency to the grantee organization. These grants are usually discretionary grants that are awarded by the U.S. Department of Education (DOE) or by another federal awarding agency.

- G. “Non-federal entity” means a state, local government, Indian tribe, institution of higher education, or nonprofit organization that carries out a federal award as a recipient or subrecipient.
- H. “Post-retirement health plans” refer to costs of health insurance or health services not included in a pension plan covered by 2 Code of Federal Regulations section 200.431(g) for retirees and their spouses, dependents, and survivors.
- I. Procurement Methods
 - 1. “Procurement by micro-purchase” is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold (generally \$10,000, except as otherwise discussed in 48 Code of Federal Regulations Subpart 2.1 or as periodically adjusted for inflation).
 - 2. “Procurement by small purchase procedures” are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than \$175,000 (periodically adjusted for inflation).

[NOTE: Despite the federal government’s increase in the dollar cap for small purchases, Minnesota law limits the cap to \$175,000.]
 - 3. “Procurement by sealed bids (formal advertising)” is a publicly solicited and firm, fixed-price contract (lump sum or unit price) awarded to the responsible bidder whose bid, conforming to all the material terms and conditions of the invitation for bids, is the lowest in price.
 - 4. “Procurement by competitive proposals” is normally conducted with more than one source submitting an offer, and either a fixed-price or cost-reimbursement type contract is awarded. Competitive proposals are generally used when conditions are not appropriate for the use of sealed bids.
 - 5. “Procurement by noncompetitive proposals” is procurement through solicitation of a proposal from only one source.

- J. "Relocation costs" are costs incident to the permanent change of duty assignment (for an indefinite period or for a stated period not less than 12 months) of an existing employee or upon recruitment of a new employee.
- K. "Severance pay" is a payment in addition to regular salaries and wages by the non-federal entities to workers whose employment is being terminated.
- L. "Travel costs" are the expenses for transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of Bluffview Montessori School.

III. CONFLICT OF INTEREST

A. Employee Conflict of Interest

No 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 would arise 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 considered for a contract. The employees, officers, and agents of Bluffview Montessori School may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts. However, Bluffview Montessori School may set standards for situations in which the financial interest is not substantial or the gift is an unsolicited item of nominal value. The standards of conduct must provide for disciplinary actions to be applied for violations of such standards by employees, officers, or agents of Bluffview Montessori School.

B. Organizational Conflicts of Interest

Bluffview Montessori School is unable or appears to be unable to be impartial in conducting a procurement action involving the related organization because of relationships with a parent company, affiliate, or subsidiary organization.

C. Disclosing Conflicts of Interest

Bluffview Montessori School must disclose in writing any potential conflict of interest to MDE in accordance with applicable federal awarding agency policies.

IV. ACCEPTABLE METHODS OF PROCUREMENT

A. General Procurement Standards

Bluffview Montessori School must use its own documented procurement procedures which reflect applicable state laws, provided that the procurements conform to the applicable federal law and the standards identified in the Uniform Grant Guidance.

- B. Bluffview Montessori School must maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.
- C. Bluffview Montessori School's procedures must avoid acquisition of unnecessary or duplicative items. Consideration should be given to consolidating or breaking out procurements to obtain a more economical purchase. Where appropriate, an analysis will be made of lease versus purchase alternatives and any other appropriate analysis to determine the most economical approach. Breaking up a procurement into smaller components to avoid the thresholds established in this policy is prohibited.
- D. Bluffview Montessori School must award contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a 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.
- E. Bluffview Montessori School must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to, the following: rationale for the method of procurement; selection of the contract type; contractor selection or rejection; and the basis for the contract price.
- F. Bluffview Montessori School alone must 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 Bluffview Montessori School of any contractual responsibilities under its contracts.
- G. Bluffview Montessori School must take all necessary affirmative steps to assure that minority businesses, women's business enterprises, veteran-owned businesses, and labor surplus area firms are considered.

[NOTE: This change appears in the 2024 amended UGG.]

H. Methods of Procurement.

Bluffview Montessori School must use one of the following methods of procurement:

1. Procurement by micro-purchases

To the extent practicable, Bluffview Montessori School must distribute micro-purchases equitably among qualified suppliers. Micro-purchases may be awarded without soliciting competitive quotations if Bluffview Montessori School considers the price to be reasonable.

2. Procurement by small purchase procedures

If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources.

3. Procurement by sealed bids (formal advertising).

4. Procurement by competitive proposals

If this method is used, the following requirements apply:

- a. 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;
- b. Proposals must be solicited from an adequate number of qualified sources;
- c. Bluffview Montessori School must have a written method for conducting technical evaluations of the proposals received and for selecting recipients;
- d. Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered; and
- e. Bluffview Montessori School may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby competitors' qualifications are evaluated and the most qualified competitor is selected, subject to negotiation

of fair and reasonable compensation. The method where price is not used as a selection factor can only be used in procurement of A/E professional services; it cannot be used to purchase other types of services, though A/E firms are a potential source to perform the proposed effort.

5. Procurement by noncompetitive proposals

Procurement by noncompetitive proposals may be used only when one or more of the following circumstances apply:

- a. The item is available only from a single source;
- b. The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
- c. The DOE or MDE expressly authorizes noncompetitive proposals in response to a written request from Bluffview Montessori School; or
- d. After solicitation of a number of sources, competition is determined inadequate.

I. Competition

Bluffview Montessori School must have written procedures for procurement transactions. These procedures must ensure that all solicitations:

- 1. Incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description must 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, must 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 making a clear and accurate description of the technical requirements is impractical or uneconomical, 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 must be clearly stated; and
- 2. Identify all requirements which the offerors must fulfill and all other

factors to be used in evaluating bids or proposals.

- J. Bluffview Montessori School must 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, Bluffview Montessori School must not preclude potential bidders from qualifying during the solicitation period.
- K. Non-federal entities are prohibited from contracting with or making subawards under “covered transactions” to parties that are suspended or debarred or whose Head of Schools are suspended or debarred. “Covered transactions” include procurement contracts for goods and services awarded under a grant or cooperative agreement that are expected to equal or exceed \$25,000.
- L. All nonprocurement transactions entered into by a recipient (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions, unless they are exempt as provided in 2 Code of Federal Regulations section 180.215.
- M. The threshold for purchases by Bluffview Montessori School employees that may be made without board approval is \$5000.00.

[NOTE: The 2024 Minnesota legislature amended Minnesota Statutes, section 124E.26 to require charter schools to establish this threshold.]

V. MANAGING EQUIPMENT AND SAFEGUARDING ASSETS

A. Property Standards

Bluffview Montessori School must, at a minimum, provide the equivalent insurance coverage for real property and equipment acquired or improved with federal funds as provided to property owned by the non-federal entity. Federally owned property need not be insured unless required by the terms and conditions of the federal award.

Bluffview Montessori School must adhere to the requirements concerning real property, equipment, supplies, and intangible property set forth in 2 Code of Federal Regulations sections 200.311, 200.314, and 200.315.

B. Equipment

Management requirements. Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part under a federal award, until disposition takes place will, at a minimum,

meet the following requirements:

1. Property records must be maintained that include a description of the property; a serial number or other identification number; the source of the funding for the property (including the federal award identification number (FAIN)); who holds title; the acquisition date; the cost of the property; the percentage of the federal participation in the project costs for the federal award under which the property was acquired; the location, use, and condition of the property; and any ultimate disposition data, including the date of disposition and sale price of the property.
2. A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.
3. A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft must be investigated.
4. Adequate maintenance procedures must be developed to keep property in good condition.
5. If Bluffview Montessori School is authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return.

C. Cybersecurity

Bluffview Montessori School must take reasonable cybersecurity and other measures to safeguard

1. Personally identifiable information;
2. Information that the federal agency or pass-through entity designates as sensitive; and
3. other information that Bluffview Montessori School considers sensitive and is consistent with applicable Federal, State, local, and tribal laws regarding privacy and responsibility over confidentiality.

[NOTE: See 2 CFR 200.303, which establishes internal controls that the school district must implement.]

VI. FINANCIAL MANAGEMENT REQUIREMENTS

A. Financial Management

Bluffview Montessori School's financial management systems, including records documenting compliance with federal statutes, regulations, and the terms and conditions of the federal award, must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the federal statutes, regulations, and the terms and conditions of the federal award.

B. Payment

Bluffview Montessori School must be paid in advance, provided it maintains or demonstrates the willingness to maintain both written procedures that minimize the time elapsing between the transfer of funds and disbursement between Bluffview Montessori School and the financial management systems that meet the standards for fund control.

Advance payments to Bluffview Montessori School must be limited to the minimum amounts needed and timed to be in accordance with the actual, immediate cash requirements of Bluffview Montessori School in carrying out the purpose of the approved program or project. The timing and amount of advance payments must be as close as is administratively feasible to the actual disbursements by the non-federal entity for direct program or project costs and the proportionate share of any allowable indirect costs. Bluffview Montessori School must make timely payment to contractors in accordance with the contract provisions.

C. Internal Controls

Bluffview Montessori School must establish and maintain effective internal control over the federal award that provides reasonable assurance that Bluffview Montessori School is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. These internal controls should align with guidance in "Standards for Internal Control in the Federal Government," issued by the Comptroller General of the United States, or the "Internal Control Integrated Framework," issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Bluffview Montessori School must comply with the United States Constitution, federal statutes, regulations, and the terms and conditions of the federal award.

Bluffview Montessori School must evaluate and monitor Bluffview Montessori School's compliance with statutes, regulations, and the terms and conditions of the federal award.

Bluffview Montessori School must take prompt action when instances of noncompliance are identified, including noncompliance identified in audit findings.

Bluffview Montessori School must take reasonable measures to safeguard protected personally identifiable information considered sensitive consistent with applicable federal and state laws regarding privacy and obligations of confidentiality.

VII. ALLOWABLE USE OF FUNDS AND COST PRINCIPLES

A. Allowable Use of Funds

Bluffview Montessori School administration and board will enforce appropriate procedures and penalties for program, compliance, and accounting staff responsible for the allocation of federal grant costs based on their allowability and their conformity with federal cost principles to determine the allowability of costs.

B. Definitions

1. "Advance payment" means a payment that a federal awarding agency or passthrough entity makes by any appropriate payment mechanism, including a predetermined payment schedule, before the non-federal entity disburses the funds for program purposes.
2. "Allowable cost" means a cost that complies with all legal requirements that apply to a particular federal education program, including statutes, regulations, guidance, applications, and approved grant awards.
3. "Education Department General Administrative Regulations (EDGAR)" means a compilation of regulations that apply to federal education programs. These regulations contain important rules governing the administration of federal education programs and include rules affecting the allowable use of federal funds (including rules regarding allowable costs, the period of availability of federal awards, documentation requirements, and grants management requirements). EDGAR can be accessed at:
<http://www2.ed.gov/policy/fund/reg/edgarReg/edgar.html>.
4. "Omni Circular" or "2 Code of Federal Regulations Part 200s" or

“Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards” means federal cost principles that provide standards for determining whether costs may be charged to federal grants.

C. Allowable Costs

The following items are costs that may be allowable under the 2 Code of Federal Regulations Part 200s under specific conditions:

1. Advisory councils;
2. Audit costs and related services;
3. Bonding costs;
4. Communication costs;
5. Compensation for personal services;
6. Depreciation and use allowances;
7. Employee morale, health, and welfare costs;
8. Equipment and other capital expenditures;
9. Gains and losses on disposition of depreciable property and other capital assets and substantial relocation of federal programs;
10. Insurance and indemnification;
11. Maintenance, operations, and repairs;
12. Materials and supplies costs;
13. Meetings and conferences;
14. Memberships, subscriptions, and professional activity costs;
15. Security costs;
16. Professional service costs;
17. Proposal costs;
18. Publication and printing costs;

19. Rearrangement and alteration costs;
20. Rental costs of building and equipment;
21. Training costs; and
22. Travel costs.

D. Costs Forbidden by Federal Law

2 CFR Code of Federal Regulations Part 200s and EDGAR identify certain costs that may never be paid with federal funds. The following list provides examples of such costs. If a cost is on this list, it may not be supported with federal funds. The fact that a cost is not on this list does not mean it is necessarily permissible. Other important restrictions apply to federal funds, such as those items detailed in the 2 Code of Federal Regulations Part 200s; thus, the following list is not exhaustive:

1. Advertising and public relations costs (with limited exceptions), including promotional items and memorabilia, models, gifts, and souvenirs;
2. Alcoholic beverages;
3. Bad debts;
4. Contingency provisions (with limited exceptions);
5. Fundraising and investment management costs (with limited exceptions);
6. Donations;
7. Contributions;
8. Entertainment (amusement, diversion, and social activities and any associated costs);
9. Fines and penalties;
10. General government expenses (with limited exceptions pertaining to Indian tribal governments and Councils of Government (COGs));
11. Goods or services for personal use;

12. Interest, except interest specifically stated in 2 Code of Federal Regulations section 200.441 as allowable;
13. Religious use;
14. The acquisition of real property (unless specifically permitted by programmatic statute or regulations, which is very rare in federal education programs);
15. Construction (unless specifically permitted by programmatic statute or regulations, which is very rare in federal education programs); and
16. Tuition charged or fees collected from students applied toward meeting matching, cost sharing, or maintenance of effort requirements of a program.

E. Program Allowability

1. Any cost paid with federal education funds must be permissible under the federal program that would support the cost.
2. Many federal education programs detail specific required and/or allowable uses of funds for that program. Issues such as eligibility, program beneficiaries, caps or restrictions on certain types of program expenses, other program expenses, and other program specific requirements must be considered when performing the programmatic analysis.
3. The two largest federal K-12 programs, Title I, Part A, and the Individuals with Disabilities Education Act (IDEA), do not contain a use of funds section delineating the allowable uses of funds under those programs. In those cases, costs must be consistent with the purposes of the program in order to be allowable.

F. Federal Cost Principles

1. The Omni Circular defines the parameters for the permissible uses of federal funds. While many requirements are contained in the Omni Circular, it includes five core principles that serve as an important guide for effective grant management. These core principles require all costs to be:
 - a. Necessary for the proper and efficient performance or administration of the program.

- b. Reasonable. An outside observer should clearly understand why a decision to spend money on a specific cost made sense in light of the cost, needs, and requirements of the program.
- c. Allocable to the federal program that paid for the cost. A program must benefit in proportion to the amount charged to the federal program – for example, if a teacher is paid 50% with Title I funds, the teacher must work with the Title I program/students at least 50% of the time. Recipients also need to be able to track items or services purchased with federal funds so they can prove they were used for federal program purposes.
- d. Authorized under state and local rules. All actions carried out with federal funds must be authorized and not prohibited by state and local laws and policies.
- e. Adequately documented. A recipient must maintain proper documentation so as to provide evidence to monitors, auditors, or other oversight entities of how the funds were spent over the lifecycle of the grant.

G. Program Specific Fiscal Rules

The Omni Circular also contains specific rules on selected items of costs. Costs must comply with these rules in order to be paid with federal funds.

- 1. All federal education programs have certain program specific fiscal rules that apply. Determining which rules apply depends on the program; however, rules such as supplement, not supplant, maintenance of effort, comparability, caps on certain uses of funds, etc., have an important impact when analyzing whether a particular cost is permissible.
- 2. Many state-administered programs require local education agencies (LEAs) to use federal program funds to supplement the amount of state, local, and, in some cases, other federal funds they spend on education costs and not to supplant (or replace) those funds. Generally, the “supplement, not supplant” provision means that federal funds must be used to supplement the level of funds from non-federal sources by providing additional services, staff, programs, or materials. In other words, federal funds normally cannot be used to pay for things that would otherwise be paid for with state or local funds (and, in some cases, with other federal funds).

3. Auditors generally presume supplanting has occurred in three situations:
 - a. Charter school uses federal funds to provide services that the school district is required to make available under other federal, state, or local laws.
 - b. Charter school uses federal funds to provide services that the school district provided with state or local funds in the prior year.
 - c. Charter school uses Title I, Part A, or Migrant Education Program funds to provide the same services to Title I or Migrant students that the school district provides with state or local funds to nonparticipating students.
4. These presumptions apply differently in different federal programs and also in schoolwide program schools. Staff should be familiar with the supplement not supplant provisions applicable to their program.

H. Approved Plans, Budgets, and Special Conditions

1. As required by the Omni Circular, all costs must be consistent with approved program plans and budgets.
2. Costs must also be consistent with all terms and conditions of federal awards, including any special conditions imposed on Bluffview Montessori School's grants.

I. Training

1. Bluffview Montessori School will provide training on the allowable use of federal funds to all staff involved in federal programs.
2. Bluffview Montessori School will promote coordination between all staff involved in federal programs through activities, such as routine staff meetings and training sessions.

J. Employee Sanctions

Any Bluffview Montessori School employee who violates this policy will be subject to discipline, as appropriate, up to and including the termination of employment.

K. Reduction in Aid

If Bluffview Montessori School makes a purchase without a procurement policy adopted by the school's board or makes a purchase not in conformity with the school's procurement policy, the Commissioner may reduce Bluffview Montessori School's state aid in an amount equal to the purchase.

L. Property, Financial Investments, and Contracting

Bluffview Montessori School is subject to and must comply with Minnesota Statutes, sections 15.054 and 118A.01 to 118A.06 governing government property and financial investments and sections 471.38, 471.391, 471.392, and 471.425 governing municipal contracting.

[NOTE: The 2024 Minnesota legislature added Paragraphs K. and L.]

M. Mandatory Disclosures

Bluffview Montessori School must promptly disclose whenever, in connection with the Federal award (including any activities or subawards thereunder), it has credible evidence of the commission of a violation of Federal criminal law involving fraud, conflict of interest, bribery, or gratuity violations found in 18 United States Code or a violation of the civil False Claims Act (31 United States Code, sections 3729–3733).

The disclosure must be made in writing to the Federal agency, the agency's Office of Inspector General, and pass-through entity (if applicable). Charter schools are also required to report matters related to recipient integrity and performance in accordance with Appendix XII of this part. Failure to make required disclosures can result in any of the remedies described in 2 Code of Federal Regulations, section 200.339.

VIII. COMPENSATION – PERSONAL SERVICES EXPENSES AND REPORTING

A. Compensation – Personal Services

Costs of compensation are allowable to the extent that they satisfy the specific requirements of the Uniform Grant Guidance and that the total compensation for individual employees:

1. Is reasonable for the services rendered and conforms to the

established written policy of Bluffview Montessori School consistently applied to both federal and non-federal activities; and

2. Follows an appointment made in accordance with Bluffview Montessori School's written policies and meets the requirements of federal statute, where applicable.

Unless an arrangement is specifically authorized by a federal awarding agency, Bluffview Montessori School must follow its written non-federal, entity-wide policies and practices concerning the permissible extent of professional services that can be provided outside Bluffview Montessori School for non-organizational compensation.

B. Compensation – Fringe Benefits

1. During leave.

The costs of fringe benefits in the form of regular compensation paid to employees during periods of authorized absences from the job, such as for annual leave, family-related leave, sick leave, holidays, court leave, military leave, administrative leave, and other similar benefits, are allowable if all of the following criteria are met:

- a. They are provided under established written leave policies;
- b. The costs are equitably allocated to all related activities, including federal awards; and
- c. The accounting basis (cash or accrual) selected for costing each type of leave is consistently followed by Bluffview Montessori School.

2. The costs of fringe benefits in the form of employer contributions or expenses for social security; employee life, health, unemployment, and worker's compensation insurance (except as indicated in 2 Code of Federal Regulations section 200.447(d)); pension plan costs; and other similar benefits are allowable, provided such benefits are granted under established written policies. Such benefits must be allocated to federal awards and all other activities in a manner consistent with the pattern of benefits attributable to the individuals or group(s) of employees whose salaries and wages are chargeable to such federal awards and other activities and charged as direct or indirect costs in accordance with Bluffview Montessori School's accounting practices.

3. Actual claims paid to or on behalf of employees or former

employees for workers' compensation, unemployment compensation, severance pay, and similar employee benefits (e.g., post-retirement health benefits) are allowable in the year of payment provided that Bluffview Montessori School follows a consistent costing policy.

4. Pension plan costs may be computed using a pay-as-you-go method or an acceptable actuarial cost method in accordance with the written policies of Bluffview Montessori School.
5. Post-retirement costs may be computed using a pay-as-you-go method or an acceptable actuarial cost method in accordance with established written policies of Bluffview Montessori School.
6. Costs of severance pay are allowable only to the extent that, in each case, severance pay is required by law; employer-employee agreement; established policy that constitutes, in effect, an implied agreement on Bluffview Montessori School's part; or circumstances of the particular employment.

C. Insurance and Indemnification

Types and extent and cost of coverage are in accordance with Bluffview Montessori School's policy and sound business practice.

D. Recruiting Costs

Short-term, travel visa costs (as opposed to longer-term, immigration visas) may be directly charged to a federal award, so long as they are:

1. Critical and necessary for the conduct of the project;
2. Allowable under the cost principles set forth in the Uniform Grant Guidance;
3. Consistent with Bluffview Montessori School's cost accounting practices and Bluffview Montessori School policy; and
4. Meeting the definition of "direct cost" in the applicable cost principles of the Uniform Grant Guidance.

E. Relocation Costs of Employees

Relocation costs are allowable, subject to the limitations described below, provided that reimbursement to the employee is in accordance with Bluffview Montessori School's reimbursement policy.

F. Travel Costs

Travel costs may be charged on an actual cost basis, 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 not to selected days of the trip, and results in charges consistent with those normally allowed in like circumstances in Bluffview Montessori School's non-federally funded activities and in accordance with Bluffview Montessori School's reimbursement policies.

Costs incurred by employees and officers for travel, including costs of lodging, other subsistence, and incidental expenses, must be considered reasonable and otherwise allowable only to the extent such costs do not exceed charges normally allowed by Bluffview Montessori School in its regular operations according to Bluffview Montessori School's written reimbursement and/or travel policies.

In addition, when costs are charged directly to the federal award, documentation must justify the following:

1. Participation of the individual is necessary to the federal award; and
2. The costs are reasonable and consistent with Bluffview Montessori School's established travel policy.

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

1. A direct result of the individual's travel for the federal award;
2. Consistent with Bluffview Montessori School's documented travel policy for all Bluffview Montessori School travel; and
3. Only temporary during the travel period.

Legal References:

2 C.F.R. § 200.1 (Definitions: Capital Assets)
2 C.F.R. § 200.112 (Conflict of Interest)
2 C.F.R. § 200.113 (Mandatory Disclosures)
2 C.F.R. § 200.205(d) (Federal Awarding Agency Review of Merit Proposals)
2 C.F.R. § 200.214 (Suspension and Debarment)
2 C.F.R. § 200.300(b) (Statutory and National Policy Requirements)

2 C.F.R. § 200.302 (Financial Management)
 2 C.F.R. § 200.303 (Internal Controls)
 2 C.F.R. § 200.305(b)(1) (Federal Payment)
 2 C.F.R. § 200.310 (Insurance Coverage)
 2 C.F.R. § 200.311 (Real Property)
2 C.F.R. § 200.312 (Federally-owned and Exempt Property)
 2 C.F.R. § 200.313(d) (Equipment)
 2 C.F.R. § 200.314 (Supplies)
 2 C.F.R. § 200.315 (Intangible Property)
 2 C.F.R. § 200.318 (General Procurement Standards)
 2 C.F.R. § 200.319(c) (Competition)
 2 C.F.R. § 200.320 (Methods of Procurement to be Followed)
 2 C.F.R. § 200.321 (Contracting with Small and Minority Businesses, Women's Business Enterprises, and Labor Surplus Area Firms)
 2 C.F.R. § 200.328 (Financial Reporting)
 2 C.F.R. § 200.339
 2 C.F.R. § 200.403(c) (Factors Affecting Allowability of Costs)
 2 C.F.R. § 200.430 (Compensation – Personal Services)
 2 C.F.R. § 200.431 (Compensation – Fringe Benefits)
 2 C.F.R. § 200.447 (Insurance and Indemnification)
 2 C.F.R. § 200.463 (Recruiting Costs)
 2 C.F.R. § 200.464 (Relocation Costs of Employees)
 2 C.F.R. § 200.474 (Transportation Costs)
 2 C.F.R. § 200.475 (Travel Costs)

Cross References:

MSBA/MASA Model Policy 208 (Development, Adoption, and Implementation of Policies)
 MSBA/MASA Model Policy 210 (Conflict of Interest – School Board Members)
 MSBA/MASA Model Policy 210.1 (Conflict of Interest – Charter School Board Members)
 MSBA/MASA Model Policy 412 (Expense Reimbursement)
 MSBA/MASA Model Policy 701 (Establishment and Adoption of School District Budget)
 MSBA/MASA Model Policy 701.1 (Modification of School District Budget)
 MSBA/MASA Model Policy 702 (Accounting)
 MSBA/MASA Model Policy 703 (Annual Audit)