

Summary: What Grantees Need to Know

Policy & Procedures

Grantees must have a range of board approved and implemented policy/procedures that address federal and state law and requirements for: purchasing and procurement; inventory control of durable supplies, materials, equipment; records retention; payment of staff stipends for attendance of professional development, and others. Board policies must apply to any agents of the school that provide services on its behalf, such as the educational services provider (ESP), or other contractual consultants.

1. Grantees should become familiar with the specific requirements of the USDOE, Education Department General Administrative Regulations (EDGAR), Part 76, State Administered Program, and Part 80, Uniform Administrative Requirements for Grants & Cooperative Agreements to State & Local Governments. EDGAR may be found at the link:

<http://www.ed.gov/policy/fund/reg/edgarReg/edgar.html> Pay close attention to Part 80, Subpart C, Post-Award Requirements, especially Sections 80.32 through 80.44:

- 80.32 Equipment
- 80.36 Procurement
 - Paragraphs (b) through (i) Procurement Standards
- 80.40 Monitoring & Reporting Program Performance
- 80.41 Financial Reporting
- 80.42 Retention & Access Requirements for Records
- 80.43 Enforcement
- 80.44 Termination for Convenience

2. Grantees are urged to become familiar with the requirements of Section 1274 of the Revised School Code (MCL 380.1274), which requires competitive bidding for purchase of supplies, materials and equipment that exceed the statutory bid threshold. Section 1274 may be found at the link: [http://www.legislature.mi.gov/\(zllmidfrwd40b5mfsvg10i45\)/mileg.aspx?page=getObject&objectName=mcl-380-1274](http://www.legislature.mi.gov/(zllmidfrwd40b5mfsvg10i45)/mileg.aspx?page=getObject&objectName=mcl-380-1274)

3. The Michigan Department of Education (MDE) updates information annually about the statutory bid threshold for purchases. Public schools that purchase items exceeding the threshold are required to obtain competitive bids for procurement of supplies, materials and equipment. The latest Competitive Bid Threshold Letter may be found at:

http://www.michigan.gov/mde/0,1607,7-140-6530_6605-21356--,00.html

4. Documentation of the solicitation for bids, the competitive bidding process, analysis of the bids or proposals, and rationale for the decisions made regarding the purchase or award must be retained for review of compliance. Records of the process and resulting transactions must be retained as indicated in number 5, below.

5 Financial records for the grants must be retained according to the Schedule for the Retention and Disposal of Public School Records (see in particular, page 8, item #303 "bids and quotes," and page 16, item #316 "payment records." The document may be found at the link: http://www.michigan.gov/mde/0,1607,7-140-6530_6605-21848--,00.html Though federal requirements may permit disposal of some records sooner, the state requirement is more stringent and requires that procurement and financial records be maintained for seven (7) years beyond the grant project period.

6. Policy and procedures must provide that persons that develop or draft procurement specifications, requirements, statement of work, invitations for bid, requests for proposals, contract terms and conditions, or other documents, whether board members, employees of the school, or its agent, are excluded from competing for contract awards resulting from that procurement.

7. Purchasing and/or payment procedures must include internal controls that ensure that persons that authorize purchases do not also authorize payment or write checks for those purchases.

8. Purchase of services must be supported by signed contracts, agreements, or accepted proposals, which stipulate the specific work to be performed (scope of work), the rate of compensation based upon daily, hourly, or other basis that may be used to calculate the payment for services from the vendor. Some agreements may specify who will complete the work, such as a personal services contract.

9. Invoices must be detailed and identify the work performed (as identified in the approved proposal, contract or agreement), dates of service and detail substantiating the billing, e.g. number of days based upon a per diem specified in the agreement; hours at a per hour rate; or other basis that is concrete, clear and makes the invoice understandable.

10. When employees of the charter school, or of the ESP that operates the school, provide purchased services charged to the grant, then there must be documentation of staff hours, days, or effort charged to the grant to substantiate the basis for the charges. Documentation may include a time sheet that specifies the time spent on and charged to the grant project on a daily basis. Other methodology for documenting staff time may be acceptable but should be discussed with MDE at the beginning of the grant project.

11. Grantees must have policies/procedures for inventory control of durable equipment, supplies and materials, and demonstrate that an inventory is maintained and updated on a regular basis. The policy/procedures must include: a description of the acquisition, cost, purchase date, location of the acquisition, and source of funds used for purchase of acquisitions. Inventoried items should be tagged for identification of the item and to obtain the above information.

12. Use of grant funds to pay stipends to teachers, or other staff, for time spent in training or professional development during the summer, weekends, evenings, or other periods for which staff would not normally be compensated (after the school's initial opening) is allowable, provided it is the policy of the school to pay staff for such time, and this practice will continue after the grant period. Documentation of the policy must be in place as an approved policy of the school board.

Audits

Public school academies are required by Section 18 of the State School Aid Act of 1979 [MCL 388.1618(2)], to submit to MDE an audit of its annual financial records, conducted by a certified public accountant independent of the school and its ESP. The audit must be submitted to the intermediate school district (ISD) where the PSA is located by November 1 of each year, for the past school fiscal year. The ISD is required to submit the audit to MDE by November 15 of each year.

Public school academies that expend \$500,000 or more in federal funds in the school fiscal year are required to have a "single audit," and should be familiar with **OMB Circular A-133** (US Office of Management & Budget) concerning audit requirements. The link to the circular may be found at: <http://www.whitehouse.gov/omb/circulars/a133/a133.html>

Allowable Expenditures

The No Child Left Behind Act of 2001, Title V, Part B, Public Charter Schools Program provides for three discreet grant award types, Planning, Implementation, and Dissemination. The Act, Part B — Public Charter Schools, may be found at the link: <http://www.ed.gov/policy/elsec/leg/esea02/pg62.html>

Allowable expenditures are specific to the type of grant award, e.g. Planning, Implementation or Dissemination. Generally, the Planning, Implementation and Dissemination grant awards do not overlap, and the kinds of allowable activities and expenditures are defined by the type of grant award.

Grantees should also be familiar with **OMB Circular A-87**, Cost Principles for State, Local and Indian Tribal Governments (05/10/2004), which may be found at the link: <http://www.whitehouse.gov/omb/circulars/index.html>

Planning Grants

Post-award planning and design of the educational program that may include:

- (i) refinement of the desired educational results and of the methods for measuring progress toward achieving those results; and
- (ii) professional development of teachers and other staff who will work in the charter school

Allowable Activities (not an exclusive list but provided for guidance purposes)

(i) Refinement of the desired educational results and of the methods for measuring progress toward achieving those results:

- Costs directly related to obtaining, developing and implementing standardized testing, and other measurement of student achievement.
- Staff salaries and benefits prior to opening of the school and its eligibility for state school aid.
- Design and implementation of evaluation processes and feedback to staff regarding achievement of academic, contractual and other educational goals.
- Technology equipment and software required to develop and implement methods for measurement, achievement of progress, and provision of feedback to staff regarding the effectiveness of the educational methods.
- Legal costs directly related to charter development, planning for the school and its educational program.
- Costs directly related to compliance with legally mandated school health and safety inspections, including:
 - costs directly related to obtaining the required state and local inspections to ensure safety and health
 - minor building modifications required to ensure compliance with health and safety requirement, e.g. install grab bars, lower sinks in a restroom to ensure ADA compliance (elevator installation or repair not allowable).
 - Limited office furniture, technology and office equipment required for staff to engage in the planning phase of the school start-up.

(ii) Professional development of teachers and other staff who will work in the charter school:

- Costs directly related to training, professional development of staff that will work in the charter school.
- Staff salaries prior to opening of the school and eligibility for state school aid.
- Stipends paid to staff for time spent in training during the summer, weekends, evenings, or other periods for which the staff would not normally be compensated (post school opening, provided it will be the ongoing policy/practice of the school to pay stipends to staff to participate in development/training).
- Fees to trainers/consultants to provide training, inservice, and staff development.
- Reasonable costs of travel, lodging, conference fees, to enable staff to participate in training and staff development.
- Tuition reimbursement to staff for classes/training that is directly related to the school, its educational program or business operations.
- Costs of providing training and inservice for volunteer members of the school board of directors, including those cited above for school staff.

Implementation Grants

Initial implementation of the charter school, which may include:

- (i.) informing the community about the school;
- (ii.) acquiring necessary equipment and educational materials and supplies
- (iii.) acquiring or developing curriculum materials; and
- (iv.) other initial operational costs that cannot be met from State or local sources.

Allowable Activities (not an exclusive list but provided for guidance purposes)

(i) Informing the community about the school:

- Radio, print and electronic media development and dissemination costs to inform parents and the community about the school (does not include building signage).

(ii) Acquiring necessary equipment and educational materials and supplies:

- Technology equipment (computers, printers, LCD projectors, etc.) and software for use in the classroom and educational program.
- Hook-up and installation costs of technology equipment to ensure usability of the equipment in the educational program (does not include alarm systems, video camera systems used for security purposes, cellular telephones, installation of electrical wiring as part of construction or renovation costs, any routine operational expenditures

associated with technology costs, e.g. Internet service costs, cable, telephone service costs, etc.).

- Texts and library books for use in the educational program.
- Desks, tables, chairs, bookshelves and other equipment for use in the educational program.
- Educational supplies and materials (does not include general use office supplies and equipment).

(iii) Acquiring or developing curriculum materials:

- May include specific costs of development of curriculum or its implementation, including staff training costs related to curriculum and its alignment with state benchmarks and standards.

(iv) Other initial operational costs that cannot be met from State or local sources.

- This is much more difficult to define and will not include any: maintenance, construction, renovation, repair or ongoing operational costs.

Dissemination Grants

Allowable Activities (not an exclusive list but provided for guidance purposes)

A charter school may use funds to assist other schools in adapting the charter school's program (or certain aspects of the charter school's program), or to disseminate information about the charter school, through such activities as—

- (i) Assisting other individuals with the planning and start-up of one or more new public schools, including charter schools, that are independent of the assisting charter school and the assisting charter school's developers, and that agree to be held to at least as high a level of accountability as the assisting charter school.
- (ii) Developing partnerships with other public schools, including charter schools, designed to improve student academic achievement in each of the schools participating in the partnership.
- (iii) Developing curriculum materials, assessments, and other materials that promote increased student achievement and are based on successful practices within the assisting charter school.
- (iv) Conducting evaluations and developing materials that document the successful practices of the assisting charter school and that are designed to improve student performance in other schools.