

**EGG HARBOR CITY PUBLIC SCHOOL DISTRICT**  
**Egg Harbor City, New Jersey**

**FILE CODE: 3220/3230**

**X** **Monitored**

**X** **Mandated**

**X** **Other Reasons**

**Policy**

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STATE FUNDS; FEDERAL FUNDS

Each year, when it is believed that the school district is eligible for federal and/or state assistance under the provisions of public laws, application for said assistance may be submitted so long as acceptance of the funds does not include conditions contrary to the policies of the board of education. The chief school administrator shall inform the board about specific assurances which may be required in addition to those addressed in this policy, and will provide the required language for board adoption.

General

The chief school administrator shall ensure that federal funds received by the district are administered in accordance with all federal requirements, including, but not limited to the Uniform Grant Guidance (UGG), the Education Department General Administrative Regulations (EDGAR), and the enabling statutes of any state-administered federal grant, such as the Individuals with Disabilities in Education Act ("IDEA") and the Every Student Succeeds Act ("ESSA").

The school business administrator shall ensure that the regular operating budget includes amounts anticipated to be received from state and/or federal sources, and a listing of projects describing how this money will be spent. These recommendations for expenditures will be approved by the board before projects are submitted.

The board shall maintain a financial management system that is transparent, accountable, and ensures compliance with the applicable UGG requirements for federal awards. The board shall establish and maintain effective internal control systems to safeguard federal resources, ensure compliance, and achieve program objectives. These controls will include systems that align with and/or are based upon the principles outlined in the "Standards for Internal Control in the Federal Government" (Green Book) or the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control Framework.

Internal Controls – Federal Funds

**A. Record Keeping**

Financial records will accurately account for federal funds received and expended and will detail the source and use of funds to ensure traceability to specific grant activities. Systems will be in place to generate internal reports for oversight and decision-making purposes. The system will track expenditures by category and cost objective, ensuring compliance with allowable cost requirements detailed below. To that end, federal funds will be maintained in separate accounts or through fund-specific coding to prevent commingling with non-federal funds.

**B. Financial Reporting**

Administrative procedures will be developed and implemented for submitting state and federal financial reports with the specified time schedules required by the applicable law.

**C. Employees; Time and Effort Reporting**

When employees' salaries are paid with federal funds, the board shall maintain accurate records that document the time spent by employees on federally funded activities. These records must demonstrate that salary charges to federal awards are reasonable, consistent, and in accordance with the terms and conditions of the federal awards.

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## D. Budget Control

Federal program budgets will be monitored to prevent overspending, detect fraud, waste, misuse of funds, and ensure expenditure aligns with program objectives. All expenditures will be aligned with approved budgets and monitored regularly to avoid over-expenditure or misallocation of funds. Budgets will be prepared, reviewed, and approved in accordance with federal award requirements. Additionally, board staff involved in federal program management will receive training on financial management, internal controls, and compliance requirements.

## E. Maintenance of Effort

For federal funds received from the IDEA and ESSA, the board of education will maintain a combined fiscal effort per pupil or aggregate expenditures of state and local funds with respect to the provision of the public education for the preceding fiscal year that is not less than the required amount of the combined fiscal effort per pupil or the aggregate expenditures for the second preceding fiscal year.

## F. Supplement not Supplant

Federal funds received from the IDEA and ESSA shall be used for supplementary services only and shall not be used to replace services that the district would supply eligible pupils, if state and federal funds were not available.

Audit Requirements

The board will comply with federal audit requirements for entities expending federal funds. The chief school administrator will ensure that appropriate audits are conducted on an annual basis.

If the board expends \$1,000,000 or more in federal funds during the fiscal year, the board will undergo a single audit. The single audit will cover both the financial statements and compliance with federal program requirements and will be conducted by an independent auditor in accordance with applicable auditing standards and federal requirements. The board may elect to have a program-specific audit if; the board expends federal funds under only one federal program, and, the federal program's statutes or regulations, or terms and conditions of the federal award, do not require a financial statement audit of the board.

If the board does not meet the \$1,000,000 threshold, an audit may be required, as per the terms of the award or at the discretion of the federal agency, Inspectors General, or the General Accounting Office (GAO). However, in all instances, the records of the board must be available for review or audit by the appropriate federal officials.

Control of Equipment/Inventory

Title to and control over equipment, property, and/or inventory purchased with federal funds shall be maintained in accordance with the applicable federal regulations. This includes, but is not limited to properly tracking, safeguarding, and maintaining in order to maximize district resources and prevent misuse of loss. The chief school administrator shall develop written procedures outlining federal ownership and district use, loan, loss and disposal of such equipment/property.

Cash Management and Reimbursement Requests

Pursuant to the Cash Management Improvement Act (CMIA) and associated Federal regulations, the board, as a subgrantee of grants awarded by the federal government, must minimize the time between the transfer of funds from the United States Treasury and the expenditure of those funds. Accordingly, state and local school

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districts receiving these funds must provide assurance that it is complying with these requirements.

To satisfy this requirement(s), the New Jersey Department of Education (NJDOE) implemented a reimbursement request system of payment. When the district is a subgrantee of grants awarded by the Federal government to the State of New Jersey, the district shall submit reimbursement requests using the Electronic Web-Enabled Grant (EWEG) System. Expenditures must be supported by documentation at the subgrantee level. Documentation for salary expenditures will be according to the applicable federal circular. Expenditures must be for allowable costs. Expenditures must be related to the subgrantee's cost objectives. Expenditures will be reviewed to determine that:

- A. Adequate description of expenditures is provided;
- B. No new budget category is created; and
- C. Reimbursement does not exceed the allowable threshold for an amendment as a result of cumulative transfers among expenditure categories.

Reimbursement requests will be certified by the board as being in accordance with approved grant applications. EWEG reimbursement requests will meet NJDOE timelines and deadlines. The district shall assume all responsibility for assuring that all funds requested through the EWEG system either have already been expended, or will be expended according to the requirements of the Cash Management Improvement Act of 1990 (CMIA) and other applicable federal regulations.

Allowability of Costs

All expenditures of federal funds shall be permitted for allowable costs. The school business administrator/board secretary shall ensure that costs are necessary and reasonable for the performance of the federal award and are allocable thereto, directly related to the federal program's objectives, supported by adequate documentation, attributable to a specific grant or program, and in compliance with district policies and procedures as well as federal guidelines.

To determine these allowable costs, the school business administrator/board secretary shall use the Cost Principles in Subpart E of the UGG.

Procurement and Conflict of Interest

When procuring goods or services with federal funds, the board shall comply with applicable state laws, district policies, and federal regulations. Goods and services will be acquired in a manner providing full and open competition. The board and its administration will take all necessary steps to ensure the use of economical, efficient, and effective procurement methods. Records will be maintained to document procurement activities, including the rationale for the method of procurement, contract selection, and price determinations.

The chief school administrator shall ensure that unnecessary or duplicative items are not purchased and should evaluate the option of consolidating or dividing procurements to achieve more cost-effective purchases.

The board must maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders. To this end, no employee, officer, or agent of the board shall participate in the selection, award, or administration of a contract supported by a federal award if they have a real or apparent conflict of interest. Such a conflict of interest arises when a board employee, officer, or agent, any member of their immediate family, their 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

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tangible personal benefit from a contractor.

The board officers, employees, and agents must neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts.

Consistent with policy 3327, the board shall 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. If a contract with federal funds is awarded to a non-federal entity, the contract shall contain all the provisions mandated by Appendix II of the UGG.

The board shall not enter into contracts or financial transactions with any entity or individual who has been suspended or debarred by a federal agency. The board and its administration shall ensure that no federal funds are used to support contracts, grants, or subawards with such ineligible parties.

Before entering into any contract or agreement involving federal funds, the school business administrator/board secretary shall verify that the potential contractor, vendor, or subrecipient is not listed on the System for Award Management (SAM) exclusions list. This includes checking both the entity's name and the names of its principals. Evidence of the SAM check (e.g., a screenshot or printout) will be maintained as part of the procurement records to document that the district has verified the eligibility of the vendor or contractor. For multi-year contracts, the district will check the SAM exclusion list at least once per year during the life of the contract to ensure that no new exclusions have been imposed.

If the school business administrator/board secretary determines that a potential contractor, vendor, or subrecipient is suspended or debarred, the board will not enter into a contract or agreement with the excluded entity. If an existing contractor or vendor is found to be suspended or debarred, the district will take appropriate steps to terminate the contract, in accordance with the terms and conditions of the agreement and, as appropriate, the board will notify the relevant federal agency of the exclusion and seek guidance on how to proceed.

Financial Fraud and Theft Prevention and Reporting

All employees, board members, consultants, vendors, contractors and other parties maintaining a business relationship with the district shall act with integrity and due diligence in matters involving state grants, federal grants, and other fiscal resources.

The chief school administrator shall be responsible for developing internal controls designed to prevent and detect fraud, financial impropriety or fiscal irregularities within the district. Every member of the district's administrative team shall be alert for any indication of fraud, financial impropriety or irregularity within his/her areas of responsibility.

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:

- A. Behaving in a dishonest or false manner in relation to district assets, including theft of funds, securities, supplies or other properties;
- B. Forging or altering financial documents or accounts illegally or without proper authorization;
- C. Improper handling or reporting of financial transactions;
- D. Personally profiting as a result of insider knowledge;

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- E. Disregarding confidentiality safeguards concerning financial information;
- F. Violating board conflict of interest policies;
- G. Mishandling financial records of district assets (destroying, removing or misusing).

The chief school administrator 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.

In the event the concern or complaint involves the chief school administrator, the concern shall be brought to the attention of the board president who is hereby empowered to contact the board's legal counsel, auditing firm and any other agency to investigate the concern or complaint.

Federal regulations require that the board, in receipt of a federal award of funds, must disclose, in a timely manner, in writing to the federal awarding agency, or to the New Jersey Department of Education, all violations of federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the federal award.

The chief school administrator shall comply with all applicable federal reporting regulations and specifically, shall report certain civil, criminal, or administrative proceedings to the System for Award Management (SAM).

Records Retention

The board shall retain all federal award records for three years from the date of submission of their final financial report. For awards that are renewed quarterly or annually, the board shall retain records for three years from the date of submission of their quarterly or annual financial report, respectively. Records to be retained include but are not limited to financial records, supporting documentation, and statistical records.

The board shall retain records that detail the history of procurement using federal funds. These records will include, but are not limited to, documentation of federal funds received and expended, invoices, purchase orders, receipts, bids, contracts, other supporting documentation for procurement transactions, records of equipment and property acquired with federal funds, including inventory and disposal records, documents related to employees compensated with federal funds, and any performance reports and documentation supporting compliance with program objectives.

The school business administrator/board secretary shall ensure records are readily accessible and organized.

Special Education Medicaid Initiative (SEMI) Program

The chief school administrator or designee shall ensure that the district follows all required procedures to maximize its revenue from reimbursements under the Special Education Medicaid Initiative (SEMI) Program. This program allows the district to recover a portion of the cost of certain health-related services considered medically necessary in a pupil's Individualized Education Program (IEP), including evaluation services, physical, occupational and speech therapy, and specialized transportation services.

Procedures to be followed are included in the SEMI Provider Handbook, found at <http://www.state.nj.us/treasury/administration/semi-mac/semi-mac.htm>. These procedures include maximizing the return rate of parental consent forms for all SEMI eligible pupils.

In accordance with the Family Educational Rights and Privacy Act (FERPA), the district shall obtain the parent/guardian's informed written consent prior to any disclosures of personally identifiable information from education records, including health information, to the Medicaid program for Medicaid claim submission.

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All supporting documentation for Medicaid claims shall be maintained on file and available for state or federal audit for at least seven years from the date of service. Records shall fully document the basis upon which claims for reimbursement are made.

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Key Words

State Funds, Federal Funds, Disposal of Equipment, State/Federal Funds

<b><u>Legal References:</u></b>	<u>N.J.S.A. 18A:7F-43 et seq.</u> <u>N.J.S.A. 18A:7G-1</u> through -44 et al.  <u>N.J.S.A. 18A:11-1</u> <u>N.J.S.A. 18A:34-1</u>  <u>N.J.S.A. 18A:38-7.7</u> through -7.14 <u>N.J.S.A. 18A:54-20</u> <u>N.J.S.A. 18A:58-7.1</u> <u>N.J.S.A. 18A:58-7.2</u> <u>N.J.S.A. 18A:58-11</u> <u>N.J.S.A. 18A:58-11.1</u>  <u>N.J.S.A. 18A:58-33.6</u> through -33.21 <u>N.J.S.A. 18A:58-37.1</u> through -37.7 <u>N.J.S.A. 18A:59-1</u> through -3 <u>N.J.A.C. 6A:14-1.1 et seq.</u> <u>N.J.A.C. 6A:23A-5.3</u> <u>N.J.A.C. 6A:23A-8.1</u>  <u>N.J.A.C. 6A:23A-19.1</u> <u>N.J.A.C. 6A:26-1.1 et seq.</u> <u>N.J.A.C. 6A:27-8.1 et seq.</u> <u>N.J.A.C. 6A:30-1.1 et seq.</u>	<u>School Funding Reform Act of 2008</u>  Educational Facilities Construction and Financing Act General mandatory powers and duties Textbooks; selection; furnished free with supplies; appropriations Legislative findings and declarations (regarding impact aid) Powers of board (county vocational schools) School lunch program School lunch program; additional state aid Emergency aid Loss of tuition to district due to establishment of regional district; state aid for one year  Additional State School Building Aid Act of 1970  Textbook Aid to Public and Nonpublic Schools Federal aid  Special Education Failure to maximize SEMI Budget submission, support documentation, website publication Emergency aid Educational Facilities State Transportation Aid Evaluation of the Performance of School Districts
	<u>Abbott v. Burke</u> , 149 N.J. 145 (1997)	
	Hawkins-Stafford Elementary and Secondary School Improvement Amendments of 1988 (Pub. L. 100-97)	
	20 <u>U.S.C.A. 1401 et seq.</u> - Individuals with Disabilities Education Act	
	29 <u>U.S.C.A. 794 et seq.</u> - Section 504 of the Rehabilitation Act of 1973	

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Drug-Free Workplace Act of 1988

34 CFR Part 85, Governmentwide Debarment and Suspension (nonprocurement) and Government wide Requirements for Drug-Free Workplace (Grants)

Every Student Succeeds Act of 2015, Pub. L. 114-95, 20 U.S.C.A. 6301 et seq.

2 CFR 200 Uniform Grant Guidance - requirements for federal awards

Education Department General Administrative Regulations (EDGAR)

**Possible**

<b><u>Cross References:</u></b>	*3100	Budget planning, preparation and adoption
	*3160	Transfer of funds between line items/amendments/purchases not budgeted
	3500.1	Energy
	*3541.1	Transportation routes and services
	*3542.31	Free or reduced-price lunches/milk
	*3570	District records and reports
	*4119.23/4219.23	Employee substance abuse
	*6142.2	English as a second language; bilingual/bicultural
	*6142.6	Basic skills
	*6142.12	Career and technical education
	*6171.3	At-risk and Title 1
	*6171.4	Special education
	*9326	Minutes

\*Indicates policy is included in the Critical Policy Reference Manual.