

NSERVE OPERATIONAL POLICIES
POLICIES ADOPTED BY THE NSERVE BOARD OF CONTROL
May 2017

GENERAL POLICY STATEMENT

It is the policy of NSERVE that all grant funds received by NSERVE and all sub-recipients must be used in accordance with ISBE grant requirements, in accordance with Illinois Accounting standards, and in accordance with the Illinois Grant Accountability and Transparency Act (GATA).

The grant funds received by NSERVE and all sub-recipients are the Carl D. Perkins Career and Technical Education (federal) grant and the corresponding Illinois Career and Technical Education Improvement (state) grant. The Illinois State Board of Education (ISBE) is the governmental agency that awards and administers both grants. Hereinafter, the awarding agency shall be referred to as "ISBE."

Sub-recipients of the grants that pass through NSERVE are the five high school districts it serves. Hereinafter, the sub-recipients shall be referred to as "school districts."

CONTENTS

	Page
1. Board of Control Responsibilities	2
2. Quality of Management Systems and Financial Reporting	2
3. Budgetary Controls within NSERVE	3
4. Cost Principles	3
5. Audit requirements	3
6. Equipment Standards	4
7. Procurement Standards	6
8. Sub-recipient Monitoring and Management	8
9. Monitoring for fraud, waste and abuse	9
10. Travel Policy	10

1. Board of Control Responsibilities

NSERVE is governed by a Board of Control consisting of the Assistant Superintendent for Curriculum and Instruction from each high school district that is a sub-grantee of the NSERVE state and federal grants acquired.

The operational responsibilities of the NSERVE Board of Control are to:

- i. Meet a minimum of quarterly
- ii. Approve all NSERVE budgets and budget amendments
- iii. Approve all significant personnel issues such as intent to hire and annual salary review
- iv. Review and monitor the financial operations of NSERVE using financial reports provided by the NSERVE fiscal controller at each of the Board meetings, as well as the annual audit.
- v. Provide guidance on NSERVE initiatives and strategic plan.

2. Quality of Management Systems and Financial Reporting

NSERVE's fiscal controller is Maine Township High School District #207 (Maine #207). NSERVE shall follow all the same accounting and operational systems of financial control as Maine #207. Maine #207 accounting and operational systems of financial control include but are not limited to:

- Compliance with state and federal accounting standards
- Monthly ledger reconciliation
- Providing monthly accounting reports of NSERVE operations for monitoring by NSERVE staff and NSERVE Board of Control
- Retention of records requirements in compliance with 2 CFR 200.333
- Clear records of federal and state grants received and expended including identification name/number and year
- Execution of all grant transactions following the approval of the NSERVE Executive Director

In addition, NSERVE shall be responsible for:

- Submission of grant reporting, application, and amendments as required by ISBE in a timely manner
- Reviewing the accounting data provided by Maine #207 and using it to monitor program performance measures as required as part of the grant award
- Reviewing program activities in alignment with grant program specifics
- Monitor sub-grant expenditures and ensure that they are aligned to sub-grant applications.

3. Budgetary Controls within NSERVE

NSERVE shall utilize the financial systems of Maine #207 to monitor expenses and ensure that expenditure of grant funds do not exceed the grant award.

NSERVE will create an annual budget detailing the distribution of all grants received by NSERVE. The NSERVE Board of Control shall approve the budget prior to submission to ISBE. NSERVE Executive Director shall monitor NSERVE expenditures to determine if changes to the NSERVE budget are needed.

Any changes to the NSERVE budget determined as necessary during the year of its operation shall be approved by the NSERVE Board of Control.

NSERVE Executive Director authorizes all grant transactions during the grant year.

4. Cost Principles

NSERVE and sub-grantee school districts shall create an annual, detailed grant submission which will comply with all cost principles.

Each grant request submitted by NSERVE and school districts shall be reviewed to determine the following cost principles:

- Are the costs of the grant necessary and reasonable?
- Do the costs benefit both the grant award and work of the organization?
- Are the costs consistent with policies, regulations and procedures regarding uniformity of grant awards and work of the organization?
- Are the grant fund requests net of credits, including purchase discounts, refunds, rebates and insurance recoveries?
- Have these credits/discounts/refunds/recoveries been deducted from the final cost request?

NSERVE shall remind the school districts of the allowability principles prior to requesting the school district's grant submission. After receiving the submission from the district, NSERVE shall provide the sub-grantee a checklist of any allowability issues and suggest corrective action before submitting to ISBE for final approval.

5. Audit requirements

NSERVE will engage the auditor utilized by Maine #207 to conduct a separate annual audit of the NSERVE accounts. The cost of the auditing services will be paid from the NSERVE portion of the state and federal grants.

All findings of the audit shall be reported to the NSERVE Executive Director who will, in turn, report the findings to the NSERVE Board of Control.

Through the annual Internal Control Questionnaire required as part of GATA, NSERVE shall report any audit findings including deficiencies and material weaknesses.

6. Equipment Standards

NSERVE and all school districts will adhere to the Illinois State rules regarding purchase, use, record-keeping and disposal of equipment.

NSERVE shall remind all school districts of the regulations governing the purchase, use, record-keeping, and disposal of equipment each year. NSERVE shall inventory and monitor all equipment purchase, use, record keeping and disposal of equipment purchased by districts as well as by NSERVE.

Equipment Definition

Equipment is defined as per Illinois State rules and NOT per the federal rule 2CFR §200.33. Equipment is tangible personal property (including Information Technology items) having a useful life of more than one year and a per unit acquisition cost which equals or exceeds the **greater** of:

- the capitalization level established by the district/organization
- OR**
- \$500.

A capitalization level established by the district of between \$500 and \$5,000 permits the district to utilize the 700 object code for their equipment purchases up to the limit set. All equipment purchases in excess of that limit are categorized in the 500 object code according to federal rules.

Equipment use

Equipment use policy is guided by 2CFR §200.313 (c) (1) and (2).

Equipment purchased using grant funds should be for the primary use of the program for which it was acquired. It is, however, acceptable for the equipment to be used for projects or programs currently or previously supported by grant funds provided that such use shall not interfere with the projects or program for which it was originally acquired. Use by non-grant funded programs or projects is also permissible, provided that such use shall not interfere with the priority of projects or program for which it was originally acquired.

Record-Keeping of Equipment

Record-Keeping of equipment policy is guided by 2CFR §200.313 (d) (1-5).

NSERVE and sub-recipients shall keep a record of all equipment purchases including serial or other identification number, source of funding for the property, acquisition date, cost per unit, location and any ultimate disposition data.

The owners of the property shall conduct a physical inventory of the property which is reconciled with records at least once every two years.

The property must be maintained and kept in good condition with adequate controls to safeguard loss or unnecessary damage.

Disposition of Property

Disposition of property policy is guided by 2CFR §200.313 (e) (1-3).

Property which is no longer required or used by NSERVE of the sub-recipients shall be disposed of in accordance with these terms:

- Equipment items with a current per unit fair market value of \$5,000 or less may be retained, sold or otherwise disposed of with no further obligation to the grant awarding agency.
- Equipment items with a current per-unit fair market value of more than \$5,000 must be disposed of in accordance with awarding agency disposal instructions. The grant award agency is entitled to an amount equal to multiplying the current market value or sale proceeds by the agency's percentage of participation in the cost of the original purchase. The awarding agency may permit the district/organization to deduct \$500 or 10% of the sale proceeds to retained by the organization to compensate for selling/handling expenses.

7. Procurement Standards

Since most purchases of goods and services made by NSERVE involve using grant funds, the following procurement standards policies must be adhered to when purchasing goods and services using grant funds. All purchases of goods and services shall also comply with the Davis-Bacon Act as detailed in Appendix II of 2 CFR PART 200.

Micro purchases

As per 2CFR §200.67 and 2CFR §200.320 (b) micro purchases are defined as being purchases below the Simplified Acquisition Threshold which is currently \$3,000.

To the extent practicable, NSERVE must distribute micro-purchases equitably among qualified suppliers. Price or rate quotations must be obtained from an adequate number of qualified sources. (See also section on Competition.)

Conflict of Interest

Conflict of interest policies are guided by 2CFR §200.318 (c) (1)

NSERVE employees cannot participate in the selection, award or administration of a contract using grant funds if he/she has a real or apparent conflict of interest.

A conflict of interest is defined as being when an employee, any member of his/her immediate family, his/her partner, or organization that employs or is about to employ any of the above, has a financial or other interest in, or a tangible personal benefit from, the appointment of a certain firm for a contract.

NSERVE employees may not accept any gratuities, favors or anything of monetary values from contractors or parties to subcontractors.

As stated in 2CFR §200.319 (a), if a contractor develops or drafts specifications, requirements or scope for services for a program that contractor must be excluded from competing for such procurements. (See also **Competition** – page 7)

This conflict of interest policy shall be brought to the attention of the Board of Control and Administrative Council members annually. The purpose of this action is to remind each member that as a sub recipient of grant funds they are required to ensure that all purchases of goods and services using grant funds comply with this policy and 2CFR §200.318 (c)(1).

Violations of Conflict of Interest

Violations of conflict of interest policies are guided by 2CFR §200.318 (c) (1)

If the NSERVE Board of Control has reasonable cause to believe an NSERVE employee has failed to disclose an actual or possible conflict of interest it shall inform the employee of the basis for such belief and afford the employee and opportunity to explain the alleged failure to disclose. If after hearing the employee's response and/or completing further investigation, the Board

determines that the employee has failed to disclose an actual or possible conflict of interest, the Board shall take appropriate disciplinary and corrective action. Such action should be recorded in the minutes of a Board meeting.

Competition

Competition policy is guided by 2CFR §200.319

All solicitations for any procurement should identify clear requirements of the offeror and include all factors to be used in evaluating a bid or proposal for procurement of goods or services.

All solicitations for the supply of goods and services shall contain a clear and accurate description of the goods and services being provided, including, if appropriate, the technical requirements, materials specifications, labor hours and charges, and time frame.

As per 2CFR §200.320 (f), purchases of goods and services may be made from only one sources if one or more of the following conditions apply:

- The item is only available from a single source
- The urgency of the requirements will cause adverse delay if competitive solicitation is pursued
- The awarding agency authorized noncompetitive proposals in response to a written request from NSERVE
- It is determined that the competing sources proved inadequate

Sub-recipient Monitoring and Management

Sub-recipient Monitoring and Management policy is guided by 2CFR §200.330-332

Sub-recipients of the grants that pass through NSERVE are the five school districts it serves:

- Evanston Township High School District 202
- New Trier Township High School District 203
- Maine Township High School District 207
- Niles Township High School District 219
- Northfield Township High School District 225

Hereinafter, the sub-recipients shall be referred to as “school districts.”

NSERVE shall monitor and manage the use of grant funds by requiring reporting of all purchases made by sub-recipients using the grant funds that pass through NSERVE.

At least annually, NSERVE shall remind the school districts of the management and reporting requirements they are required to comply with. The management and reporting requirements will include the following:

- Timely submission of a grant budget proposal, in accordance with awarding agency deadlines and which complies with all grant regulations such as:
 - i. providing descriptions of the planned purchases
 - ii. providing reasonable budget amounts for each purchase or service
 - iii. ensuring that salary caps for use of grant funds are obeyed
 - iv. ensuring that funds are only used for goods and services for programs which are part of a valid sequence of courses and are taught by qualified educators
 - v. ensuring that all purchases of goods and services comply with the procurement standards stated above
- Provide quarterly expenditure reports on the purchases made with grant funds
- Timely submission of annual program activity reports
- Timely submission of annual goals reports
- Annual submission of equipment purchase records as per the section on “Record Keeping of Equipment (shown above)
- Taking any necessary action to revise any of the student data reported to ISBE following an annual review by NSERVE

NSERVE will conduct an on-site review of the school district premises at least once every five years to ensure that:

- The programs reported by the school district are taking place
- The equipment purchases made by the school district are correctly accounted for in terms of serial number identification, location, use, and condition.
- The appropriately qualified staff are conducting the programs reported by the school district

The protocol for such an on-site review will be communicated to the district prior to the review. Following an on-site review:

- Reports shall be issued detailing the results of the review and identifying any deficiencies
- A corrective action plan shall be determined
- Procedures shall be determined to ensure implementation of the correction action plan

NSERVE shall monitor the independent audits of the school districts in order to evaluate the risk posed by the district. After reviewing the school district audit, NSERVE will determine if specific conditions are required to enhance monitoring of the use of grant funds.

NSERVE shall be reviewing:

- Any remedial decisions or actions are required following any GAGAS findings
- If any repayment of grants is required through discovery of disallowed costs and spending
- If a corrective plan is needed, monitoring the district in the future to ensure that the corrective plan has been actioned

Monitoring for fraud, waste and abuse

NSERVE employees shall be responsible for ensuring that all reasonable actions are taken to prevent waste of materials and supplies purchased with grant funds.

The NSERVE Executive Director shall participate in the ethics training provided by Maine Township District 207 (the fiscal agent of NSERVE). In turn, the Executive Director will train all other NSERVE employees in ethics and standards of conduct training. Ethics training shall cover such issues as:

- Conflict of interest
- Grievance procedures
- Fraud, waste and abuse procedures

NSERVE employees are protected by the Whistleblower Act 740 ILCS. It is the responsibility of the Executive Director to ensure that all employees understand the principles and protections of the Whistleblower Act. The Executive Director must also ensure that all employees understand the action they can take when they witness any fraud, waste or abuse of materials, products and services purchased using grant funds.

Travel Policy

1. Travel Reimbursement

NSERVE travel policy is compliant with 50ILCS 150 Local Government Travel Expense Control Act and in line with the travel regulations followed by Maine township District 207.

The travel regulations are as follows:

- a) Reimbursement of travel, meal and lodging expenses is limited to those incurred by members of NSERVE staff
- b) Reimbursement is only for official business travel, meals and lodging expenses
- c) All expense reimbursement requests will utilize the standardize form adopted by Maine township District 207. This form must include the following information:
 - i. An estimate of the cost of travel, meals, lodging and other related expenses before the travel occurs
 - ii. Information on the actual cost of the travel, meals, lodging and other related expenses when they have occurred
 - iii. The name of the individual who incurred/will incur the expenses
 - iv. The job titles of the individual who incurred/will incur the expenses
 - v. The dates and nature of the official business for which the travel expenses was incurred
- d) All expense reimbursement requests must be supported by receipts or other documentation
- e) Travel mileage will be reimbursed at the rate adopted by Maine Township District 207 which in turn is the rate adopted by ISBE
- f) Rates of reimbursement for meals will be at the rate adopted by Maine Township District 207 which in turn is the rate adopted by ISBE.
- g) No expenses incurred for entertainment shall be reimbursed. Entertainment included but is not limited to shows, amusements, theaters, sporting events unless ancillary to the purpose of program of the event.
- h) Expenses that exceed the maximum travel, meal and lodging expenses are permitted only in the instance of an emergency or other extraordinary circumstances

2. Grant Application

For the purpose of grant application, the following criteria must be provided regarding out-of-state travel. Out-of-state travel constitutes travel over 50 miles outside of the Illinois state border.

- Title and location of Conference
- Date(s) of conference
- Names and number of attendees
- How the Conference serves the purposes of the grant
- Estimated Cost