

Office of Management and Budget (OMB)
Uniform Guidance Policies & Procedures



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Uniform Guidance Basics

On December 26, 2013 the federal Office of Management and Budget (OMB) released its final rule of “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards” ([2 CFR Chapters I, II, Part 200, et al](#)), and later provided [interim updates](#).

This guidance to federal agencies consolidates and replaces eight OMB Circulars such as the **A-110**(Administrative requirements), **A-21** (Cost principles), and **A-133** (Audit requirements). The Uniform Guidance (UG) applies to all new federal awards issued on or after December 26, 2014. Modifications adding new funding to awards issued prior to that date may also include a clause updating the terms of the award to fall under UG.

Federal agencies (e.g. Dept of Ed, NSF, Dept of Energy) have each developed their own [agency-specific implementation plans](#) for the Uniform Guidance. The plans for some agencies adopt the Uniform Guidance in its entirety. Other agencies list specific exceptions. It is necessary to review the Uniform Guidance, the sponsoring agency’s implementation plan and the award terms to determine what rules will apply to any new federal funding.

Note that [Federal-wide Research Terms and Conditions](#) (RTC), including [waiver of prior approvals and other requirements](#), have now been finalized.

Timeline

- **December 26, 2013** – OMB issued the final rule of the Uniform Guidance (UG).
- **December 19, 2014** – [Joint Interim final rule](#) published: Includes OMB updates to UG and Federal agency-specific plans for implementing UG.
- **December 26, 2014** – UG went into effect.
- **July 1, 2015** – Uniform Guidance *audit requirements* are applicable to PCC awards.
- **October 14, 2015** - [Proposed Federal Research Terms & Conditions](#) for the Uniform Guidance posted for public comment
- **March 14, 2017** – [Federal Research Terms and Conditions](#) and [Prior Approval Matrix](#) published.
- **July 1, 2018** – Uniform Guidance *procurement requirements* are applicable to PCC awards.

PCC Policies & Procedures

The purpose of the *Uniform Guidance Policies & Procedures* is to address policies specific to Federal Grant management as a result of implementation of the Federal Government's Uniform Guidance, Code of Federal Regulations, Title 2, Section 200 (2 CFR 200) – effective December 26, 2014. Also, this policies & procedure manual is provided to assist grant managers of grant-funded programs with their administrative and fiscal responsibilities, and to make them familiar with services that ensure effective management of grants and contracts. The Pasadena Area Community College District (also referred to as PCC or the District below) Fiscal Services Department, facilitates the process of managing external funds to support District and college objectives and programs.

As a public agency, the District and its employees are governed by a myriad of internal and external regulations, procedures, and processes. Directors of grant-funded programs must similarly comply with these. New grant managers may not be familiar with District policies and procedures related to hiring staff, purchasing supplies and equipment, and entering into contracts, to name a few of the common administrative functions required to start or manage a college program. In addition, a funding agency may have additional and/or slightly different requirements. The *Uniform Guidance Policies & Procedures* describes district policies and procedures relevant to most grant-funded projects, as well as many relevant federal and state regulations, policies, and procedures.

Fiscal Services plays a key role in monitoring that grant funds are expended, recorded, and reported according to generally accepted accounting principles, California State Education Code Regulations, and the financial regulations of government entities issuing funding. A highly qualified accountant is assigned to each grant project to assist the grant manager with financial aspects of the grant. The accountant monitors expenditures and works with the grant manager in completing all financial reports that are sent to funding agencies.

At PCC, strategies to manage grants successfully are constantly being refined and improved. The *Uniform Guidance Policies & Procedures* is an integral part of the process. It is very specific in describing the roles and responsibilities of the major “players” in a grant project: the Grant Manager, and Fiscal Services. It also describes, in detail, procedures for program implementation, program management, program closeout, audit readiness, and other support for grant projects. To maximize the usefulness of this handbook as a guide to successful grant management, we recommend that grant

managers and other project staff should review the entire *Uniform Guidance Policies & Procedures* and refer to it often.

The Grant Team: Grant Manager and Fiscal Services

Grant Manager’s Role

The Grant Manager is the most significant person involved in a grant. He or she is ultimately responsible for completing the activities and achieving the outcomes that are the reasons that the grant was funded. He or she is also responsible for ensuring that grant funds are properly used. Thus, a significant amount of a Grant Manager’s time can be spent on administrative details.

In addition to a Grant Manager, a Grant Administrator is assigned to each grant project. This is usually the existing direct supervisor of the Grant Manager or the dean of an instructional division. The Grant Manager and grant administrator often share some of the administrative duties of implementing and managing a grant. The degree of involvement of a grant administrator varies from project to project. Division of labor between the two should be clarified as early as possible, preferably when the project is being planned during development of the grant proposal.

Grant manager’s Responsibilities: Program, Budget, Evaluation, and Reporting	
Before Applying	<ul style="list-style-type: none"> • Review Board Procedures (Appendix A). • Become familiar with the grant terms and conditions delineated in the RFA/Solicitation¹, grant regulations, and the project proposal. • Become familiar with the allowable and unallowable costs for the grant, and the conditions for making changes to the budget. • Work with appropriate deans, division and department chairs, faculty, and college staff to create the program.
Program	<ul style="list-style-type: none"> • Implement the project work plan approved by the funding agency. • Hire, supervise, and coordinate activities of project staff. • Identify all major purchases at the beginning of the grant, and submit purchase requests as soon as possible. • Work with appropriate deans, division and department chairs, faculty, and college staff to implement the program. • Provide leadership for the project within the college and among community partners.

¹ RFA (Request for Applications).

Budget	<ul style="list-style-type: none"> • Become familiar with the allowable and unallowable costs for the grant, and the conditions for making changes to the budget. • Monitor grant expenditures using the district Fiscal Services system, Banner, to run budget reports, at least once per month, and by working with the accountant assigned to the project to ensure that all funds are spent appropriately, at minimum quarterly. • Initiate and/or approve all direct expenditures to the grant. • Direct and monitor completion of paperwork to make expenditures to a grant: e.g., hiring (Job Request Form, Status Change Form), paying project staff (Payroll Time Sheets), purchases (Purchase Requisitions). • Maintain copies of all expenditures-related paperwork (hiring, purchase requisitions, conference request forms, mileage reimbursement, timesheets, status change forms, etc.) to document the accuracy of charges to the grant, which is needed to withstand an audit review.² Grant records usually must be maintained for 3-5 years after the grant ends to meet audit guidelines. (Can be longer or shorter; refer to grant guidelines to find specific retention requirements.) • In the event of discovering an unallowable cost, the Grant Manager or Fiscal Services Accountant will notify each other immediately. A thorough review and/or investigation will be conducted to determine cause of the error, and improve internal control procedures as appropriate. Any unallowable expenditure will be reclassified with proper, alternative funding source.
Evaluation	<ul style="list-style-type: none"> • List the data that will need to be collected to engage in periodic assessment of project effectiveness, to evaluate achievement of project objectives, and to document achievement, the work of the project, and completion of project activities. • Establish the system to collect project data at the beginning of the project, working with PCC's Office of Institutional Effectiveness if necessary. Assessment will need to be in place before the activities to be measured occur. • Monitor completion of project activities and progress toward achievement of project performance objectives.

² PCC undergoes an audit every year, at which time the auditors randomly select from grant projects to ensure that the District and its colleges are managing funds appropriately.

Reporting	<ul style="list-style-type: none"> • Know the reporting schedule required by the funding agency. • Collect data and information needed to complete reports and back-up the information contained in them. • Ensure that time-and-effort reports are accurately completed and retained in a binder on a monthly basis. • Complete reports and submit them on time. • Work with the project accountant to complete the fiscal portion of the reports.
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Fiscal Services’ Role

PCC designates staff from Fiscal Services to provide financial oversight of grant-funded projects. One accountant is assigned to each project. The accountant works with the Grant Manager, to review expenditures looking to see that they are allowable and consistent with the policies and regulations of both the funding agency and District. The accountant also assist the Grant Manager in preparing quarterly, interim, annual and final financial reports for the funding agency.

Fiscal Services Responsibilities
Create Accounts
<ul style="list-style-type: none"> • Assign Fund Number and Organizational (Cost Center) Number to grants in response to grants or contracts that are board approved.
Input Budgets into the Fiscal Services System – Banner
<ul style="list-style-type: none"> • Input project funds into the District’s electronic Fiscal Services system (Banner), upon receipt of Board approved budgets from the Board Meeting.
Track Budget Expenditures
<ul style="list-style-type: none"> • Track each project’s expenditures to identify over-expenditures in accounts and/or under-expenditure of the overall budget, and notify the Grant Manager as needed.
Financial Reports
<ul style="list-style-type: none"> • Work with Grant Manager to complete the financial portion of reports required for each grant according to the schedule determined by the funding agency, and review with the grant manager to ensure accuracy. • Submit the financial portion of reports to the funding agency. • Provide copies of grant financial reports to the Grant Manager and Grant Administrator.
Document District Match
Assist Grant Manager to develop methods for tracking unconventional match for a project, and maintain documentation of said match. Usually, match is tracked by

creating a District-funded account in the grant budget. However, when match for a project is provided from outside the district, a system to track and document it must be developed.

Time and Effort Reports

Fiscal Services will assist grant managers, as needed, to obtain time and effort reports to document the amount of time staff works on a grant project.

Maintain Copies of Originals of Financial Forms and Documents

Budget Development

- Assist with budget amounts for all grant proposals, grant renewals, and carryover budgets.
- Develop annual line-item expenditure budgets for Board approval (docket) and submit the budget to the Budget Division of the Fiscal Services Department for input into the district Fiscal Services system.
- Request new accounts for project budgets.

Budget and Program Planning

- Assist and advise projects on expenditures, movement of funds, and transfer of expenditures.
- Develop salary and benefit cost projections upon request from Grant Managers.
- Assist project staff by analyzing problems with project expenditures and recommend solutions.

Administrative and Clerical Costs

Applicable Uniform Guidance section: 200.413

Administrative or clerical staff must be integral to a project in order to be direct charged to a federal award and must be budgeted and justified or have prior written sponsor approval. Under the Uniform Guidance, a project no longer needs to be identified as “major” to include administrative salary, but in general such expenses should be treated as indirect (F&A) costs unless the following conditions apply:

To be integral to the project, the administrative activity should be:

1. essential or vital to the project, and described accordingly in the justification;
2. budgeted at a percentage of a person-month that reflects that essential nature
3. performed by individuals specifically identified with the project or activity
4. costs that are not also recovered as indirect costs

For non-federally sponsored projects, administrative or clerical staff may be direct charged provided they benefit the project and follow those sponsors’ requirements for the award.

Direct and Indirect Costs

Direct costs – 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.

Indirect costs – costs incurred for a common or joint purpose benefiting more than one cost objective, and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved.

Costs incurred for the same purpose in like circumstances must be treated consistently as either direct or indirect costs. (2 CFR Sec. 200.405, 200.413)

Identification with the federal award rather than the nature of the goods and services involved is the determining factor in distinguishing direct from indirect costs.

Direct and indirect costs shall be determined in accordance with law, regulations, the terms and conditions of the federal award, and the District’s negotiated indirect cost rate.

The district shall develop an indirect cost rate proposal and cost allocation plan in accordance with law, regulations and the terms and conditions of the federal award.

Supplanting

Supplanting is using grant funds to pay for a position or activity that has previously been funded from the College's regular budget. This is not allowed by many funding agencies and can result in cancellation of a grant award and repayment of all expended funds. In addition, it may also result in penalties being paid by the District as well as jeopardizing current and future funding for other grant programs. This issue should be discussed when initially developing a budget for a grant proposal, but may also arise during the project period when considering changes in a project.

Grant Close Out

Applicable Uniform Guidance section: [200.16](#) and [200.343](#)

Proper closeout of a grant-funded project is as important as the development of the project. Continuation requests and final reports will usually include a narrative description of the project accomplishment for each objective in the methodology. Included in the narrative will be an evaluation of project outcomes. Any objectives not accomplished during the funding period, as well as any changes to the programmatic component of the project, will require an explanation. Final reports are usually due 30 to 90 days after grant funded project termination. Timely filing of reports may have an effect on future funding possibilities. The following areas of management are critical to the closeout of a project:

- Budget . Purchasing . Duplication of final reports
- Personnel . Equipment . Document storage

Grant managers will be advised to submit status change forms to remove staff from project accounts at least a month before the grant ends, and to meet with their administrator or supervisor to determine where staff will be reassigned and to identify the accounts to complete the change of assignment forms to add staff to their new assignments once the grant ends.

The Grant Manager is responsible for facilitating notification of termination of any personnel within the guidelines of the college. Availability of out-placement services would be an appropriate part of the closeout process. The California Code of Regulations in part requires that when an employee is laid off, or is placed on a leave of absence, or when an employee voluntarily resigns or takes a leave of absence for any reason, the supervisor will provide written notice of 1) his/her unemployment insurance benefits rights, 2) what action is being taken, and 3) the date of the action. Therefore, it is very important to submit a 'status change form' each time a short-term person is terminated or resigns, and/or a part-time faculty member is not given an assignment for the following semester. Recognize that our failure to appropriately notify terminated and resigning employees may undermine their ability to avail themselves of unemployment insurance benefits. Official termination through the status change form is also necessary for the employee to access their PARS, CalPERS, or STRS funds upon separation from PCC.

Human Resources will notify all concerned individuals and departments of the termination of grant funded projects. Fiscal Services will work with the Grant Manager to assure that all records, accounts, and reports are filed and closed out. The retention of records for grants and contracts is defined by PCC and funding agency regulations and policies. All records should be retained for the longest period of time specified by PCC and/or the granting agency.

Remaining unused funds must be returned to the granting agency.

Cost Sharing/Matching Fund

Applicable Uniform Guidance section: [200.29](#), [200.99](#) & [200.306](#)

Many times funding agencies require grant recipients to contribute resources to show commitment and to provide additional support for the project. This is known as “match”. Match can be in the form of *cash match*, i.e., the district pays for actual costs of the grant, or “in-kind” match, i.e., the district, or other organization, makes existing resources available for use by the grant. An example of cash match would be the district paying for faculty salaries to teach classes developed under a grant. An example of in-kind match would be providing facility space for the project to operate. In some cases, other relevant grants may be used as match. Sometimes grant projects can be used to match other grant projects, as long as 1) there is a real contribution to the project, 2) Federal funds are not used to match other federal grants, and 3) state grants are not used to match other state grants.

Any voluntary cost sharing commitment should only be made when there are perceived advantages to the institution in receiving the award. Otherwise, no cost sharing should be budgeted unless it is specifically required by an agency's funding solicitation. If cost sharing is required in the solicitation, it should be [included in the proposal budget](#) and should meet other [federal requirements for cost-sharing eligibility detailed here](#).

In all district match cases, whatever funds or facilities are used as district match must be an allowable cost (see Allowability Determination section below) and it must be quantified in dollars. It is important to note that match expenses must be documented. In most cases the specific match has already been identified in the original grant proposal and is included in the line-item budget. In some cases of in-kind match, it will be necessary to develop a system for documenting match outside of the BANNER system. The Grant Manager needs to work with the accountant to ensure that match is documented correctly. **In all cases district match must be approved by the Assistant Superintendent/ Vice President of Business and Administrative Services before board approval.**

Allowability Determinations

All costs supported by federal education funds must meet the standards outlined in Education Department General Administrative Regulations(EDGAR), 2 CFR Part 3474 and 2 CFR Part 200, Subpart E, which are listed below. The Grant Manager and Grant Accountant must consider these factors when making an allowability determination. A section entitled, *Helpful Questions for Determining*

Whether Costs are Allowable, is located at the end of this document.

Part 200 sets forth general cost guidelines that must be considered, as well as rules for specific types of items, both of which must be considered when determining whether a cost is an allowable expenditure of federal funds. The expenditure must also be allowable under the applicable program statute (e.g., TRIO Cluster programs, or the Design Technology Pathway), along with accompanying program regulations, nonregulatory guidance and grant award notifications.

Restrictions in state and local rules or policy also must be considered. For example, travel and other job-related expenses incurred by employees are not allowable unless they also are in compliance with Board Policy 7400 (Professional Conference Attendance) and related administrative regulations.

Whichever allowability requirements are stricter will govern whether a cost is allowable.

General allowability determination factors include the following:

1. **Be Necessary and Reasonable for the performance of the federal award.** A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision to incur the cost was made. For example, **reasonable** means that sound business practices were followed, and purchases were comparable to market prices.

When determining reasonableness of a cost, consideration must be given to:

- Whether the cost is a type generally recognized as ordinary and necessary for the operation of the District or the proper and efficient performance of the federal award.
- The restraints or requirements imposed by factors such as: sound business practices; arm's-length bargaining; federal, state and other laws and regulations; and terms and conditions of the federal award.
- Market prices for comparable goods or services for the geographic area.
- Whether the individual incurring the cost acted with prudence in the circumstances considering responsibilities to the District, its employees, its students, the public at large, and the federal government.

- Whether the District significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the federal award's cost. (2 CFR Sec. 200.404)

Whether a cost is **necessary** will be determined based on the needs of the program. Specifically, the expenditure must be necessary to achieve an important program objective. A key aspect in determining whether a cost is necessary is whether the District can demonstrate that the cost addresses an existing need, and can prove it. For example, the school entity may deem a language skills software program necessary for a limited English proficiency program.

To determine whether a cost is necessary, consideration may be given to:

- Whether the cost is needed for the proper and efficient performance of the federal award program.
 - Whether the cost is identified in the approved budget or application.
 - Whether there is an educational benefit associated with the cost.
 - Whether the cost aligns with identified needs based on results and findings from a needs assessment.
 - Whether the cost addresses program goals and objectives and is based on program data.
2. **Allocable to the federal award.** A cost is allocable to the federal award if the goods or services involved are chargeable or assignable to the federal award in accordance with the relative benefit received. This means that the federal grant program derived a benefit in proportion to the funds charged to the program. (2 CFR Sec. 200.405)

For example, if fifty percent (50%) of a teacher's salary is paid with grant funds, then that teacher must spend at least fifty percent (50%) of his/her time on the grant program.

3. **Consistent with policies and procedures** that apply uniformly to both

federally-financed and other activities of the school entity.

4. **Conform to any limitations or exclusions set forth as cost principles in Part 200 or in the terms and conditions of the federal award.**
5. **Consistent treatment.** A cost cannot be assigned to a federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been assigned as an indirect cost under another award.
6. **Adequately documented.** All expenditures must be properly documented.
7. Be calculated in accordance with generally accepted accounting principles (GAAP), unless provided otherwise in Part 200.
8. **Not included as a match or cost-share, unless the specific federal program authorizes federal costs to be treated as such.** Some federal program statutes require the nonfederal entity to contribute a certain amount of nonfederal resources to be eligible for the federal program.
9. **Be the net of all applicable credits.** The term “applicable credits” refers to those receipts or reduction of expenditures that operate to offset or reduce expense items allocable to the federal award. Typical examples of such transactions are: purchase discounts; rebates or allowances; recoveries or indemnities on losses; and adjustments of overpayments or erroneous charges. To the extent that such credits accruing to or received by the state relate to the federal award, they shall be credited to the federal award, either as a cost reduction or a cash refund, as appropriate. (2 CFR Sec. 200.406)

Selected Items of Cost

Subpart E of Part 200 sets forth principles to be applied in establishing the allowability of fifty- five (55) specific cost items (commonly referred to as Selected Items of Cost), at 2 CFR Sec.

200.420-200.475. These specific cost items are listed in the chart below along with the citation to the section of Subpart E addressing the allowability of that item. These principles are in addition to the other general allowability standards, and apply whether or not a particular item of cost is properly treated as direct cost or indirect (F&A) cost. Meeting the specific criteria for a listed item does not by itself

mean the cost is allowable, as it may be unallowable under other standards or for other reasons, such as restrictions contained in the terms and conditions of a particular grant or restrictions established by the state or in Board policy. If an item is unallowable for any of these reasons, federal funds cannot be used to purchase it.

School district personnel responsible for spending federal grant funds and for determining allowability must be familiar with and refer to the Part 200 selected items of the Cost section. These rules must be followed when charging these specific expenditures to a federal grant. When applicable, employees must check costs against the selected items of cost requirements to ensure the cost is allowable, and also check state, district and program-specific rules.

The selected item of cost addressed in Part 200 includes the following (in alphabetical order):

Item of Cost	Citation of Allowability Rule
Advertising and public relations costs	2 CFR § 200.421
Advisory councils	2 CFR § 200.422
Alcoholic beverages	2 CFR § 200.423
Alumni/ae activities	2 CFR § 200.424
Audit services	2 CFR § 200.425
Bad debts	2 CFR § 200.426
Bonding costs	2 CFR § 200.427
Collection of improper payments	2 CFR § 200.428
Commencement and convocation costs	2 CFR § 200.429
Compensation – personal services	2 CFR § 200.430
Compensation – fringe benefits	2 CFR § 200.431
Conferences	2 CFR § 200.432
Contingency provisions	2 CFR § 200.433
Contributions and donations	2 CFR § 200.434

Defense and prosecution of criminal and civil proceedings, claims, appeals and patent infringements	2 CFR § 200.435
Depreciation	2 CFR § 200.436
Employee health and welfare costs	2 CFR § 200.437
Entertainment costs	2 CFR § 200.438
Equipment and other capital expenditures	2 CFR § 200.439
Exchange rates	2 CFR § 200.440
Fines, penalties, damages and other settlements	2 CFR § 200.441
Fund raising and investment management costs	2 CFR § 200.442
Gains and losses on disposition of depreciable assets	2 CFR § 200.443
General costs of government	2 CFR § 200.444
Goods and services for personal use	2 CFR § 200.445
Idle facilities and idle capacity	2 CFR § 200.446
Insurance and indemnification	2 CFR § 200.447
Intellectual property	2 CFR § 200.448
Interest	2 CFR § 200.449
Lobbying	2 CFR § 200.450
Losses on other awards or contracts	2 CFR § 200.451
Maintenance and repair costs	2 CFR § 200.452
Materials and supplies costs, including costs of computing devices	2 CFR § 200.453
Memberships, subscriptions, and professional activity costs	2 CFR § 200.454
Organization costs	2 CFR § 200.455
Participant support costs (see expanded guidance below)	2 CFR § 200.456
Plant and security costs	2 CFR § 200.457

Pre-award costs	2 CFR § 200.458
Professional services costs	2 CFR § 200.459
Proposal costs	2 CFR § 200.460
Publication and printing costs	2 CFR § 200.461
Rearrangement and reconversion costs	2 CFR § 200.462
Recruiting costs	2 CFR § 200.463
Relocation costs of employees	2 CFR § 200.464
Rental costs of real property and equipment	2 CFR § 200.465
Scholarships and student aid costs	2 CFR § 200.466
Selling and marketing costs	2 CFR § 200.467
Specialized service facilities	2 CFR § 200.468
Student activity costs	2 CFR § 200.469
Taxes (including Value Added Tax)	2 CFR § 200.470
Termination costs	2 CFR § 200.471
Training and education costs	2 CFR § 200.472
Transportation costs	2 CFR § 200.473
Travel costs	2 CFR § 200.474
Trustees	2 CFR § 200.475

Helpful Questions for Determining Whether Costs are Allowable -

In addition to applying the cost principles and standards described above, district staff involved in expending federal funds should ask the following questions when assessing the allowability of a particular cost:

1. Is the proposed cost allowable under the relevant program?
2. Is the proposed cost consistent with an approved program plan and budget?
3. Is the proposed cost consistent with program specific fiscal rules? For example, the school entity may be required to use federal funds only to

supplement the amount of funds available from nonfederal (and possibly other federal) sources, or only as a match for funds from nonfederal sources.

4. Is the proposed cost consistent with EDGAR?
5. Is the proposed cost consistent with specific conditions imposed on the grant (if applicable)?
6. Is the proposed cost consistent with the underlying needs of the program? For example, program funds must benefit the appropriate population of students for which they are allocated.
7. Will the cost be targeted at addressing specific areas of weakness that are the focus of the program, as indicated by available data?

Any questions related to specific costs should be forwarded to the Grant Manager and Grant Accountant.

Specific Guidance for Participant Support Costs

Overview: Participant support is provided by several federal agencies, including the National Science Foundation (NSF), as an allowable cost in grant-funded projects. In general, it is defined as costs paid to participants of a workshop, conference, meeting, seminar, symposium, or other short-term instructional or information sharing activity. Participant support may be provided in the form of a stipend or subsistence allowance, travel allowance or reimbursement, or other reimbursement.

PCC's policies and procedures regarding participant support costs are based upon NSF requirements. Applicability of these policies and procedures to other funding agencies should be decided by reviewing those agencies' participant support cost regulations.

Participant Definition: A participant is a non-PCC employee who is the recipient of a service or training associated with a workshop, seminar, symposium, or other short-term instructional or information sharing activity. Participants may include students, teachers, scholars, and others who attend and participate in the grant-funded service or training. Participants are not required to provide any deliverable to the College.

Participant Support Costs Definition: Participant support costs are defined by NSF as “direct costs for items such as stipends or subsistence allowances, travel allowances and 13 registration fees paid to or on behalf of participants or trainees (but not employees) in connection with meetings, conferences, symposia or training projects. For colleges and universities participant support costs may include fellowships, scholarships, and other forms of student financial aid. Generally the participants supported under an NSF award are not employees of the awardee organization. However, for some educational or outreach projects conducted by the awardee the participants being trained may be employees.” (Source: NSF Proposal and Award Policies and Procedures Guide, Part II - Award and Administration Guide, Chapter II, Section 2 g v).

Budgeting and Accounting for Participant Support Costs: Participant support costs included in a budget require a detailed budget justification describing the purpose of the costs along with the benefit to the scope of the proposed project. If an award provides funding for participant support, the Fiscal Services Department will establish a separate object code within the project’s account string in the College’s accounting system to track participant support costs. This will allow PCC to meet requirements to account for these costs separately, restrict budget changes, and avoid charging indirect costs. Written approval to rebudget participant support costs must be received from sponsoring agencies, including NSF, before such request will be processed by the Fiscal Services Department.

Restrictions on Participant Support Costs: All costs that are reimbursed to or paid to participants must take place during the grant’s project period and must be specifically allowed by the sponsoring agency. NSF specifies that funds provided for participant support may not be used for other categories of expense without the specific prior written approval of the cognizant NSF Program Officer. Therefore, the College accounts for participant support costs separately. Some sponsoring agencies, including NSF, exclude participant support costs from application in the indirect cost rate. This restriction will be stated in the Program Announcements and/or agency policy.

Faculty Disengagement

Applicable Uniform Guidance section: [200.308](#)

The Uniform Guidance recognizes that Grant Managers can be engaged in projects even if not physically on-campus.

Grant Managers must submit a request through the Grant Office for prior approval from the federal sponsor if they will be “disengaged” from any project for more than 3 months or if there is a 25% reduction in time committed to the project from the approved budget. If a Grant Manager is actively engaged in a project, even if offsite, such approval is not required.

Group Meeting Costs

Applicable Uniform Guidance section: [200.432](#)

Expenses for meetings, retreats, seminars, symposia, workshops or events, including food and beverages, may be allowable costs on a federal award unless the sponsor expressly states otherwise. But in order for the expense to be allowable, the meeting's primary purpose must be dissemination of technical information beyond PCC. The meeting must also be necessary and reasonable for successful performance of the federal award.

Standard group meetings in which information is shared among laboratory members do not qualify as allowable costs.

Conference hosts/sponsors must exercise discretion and judgment in ensuring that conference costs are appropriate, necessary and managed in a manner that minimizes costs to the federal award.

Institutional Base Salary – All Appointments

Applicable Uniform Guidance section: [200.430 - Compensation Personal Services](#)

Institutional Base Salary or IBS is annual compensation paid for an individual's appointment (9 or 12 months), whether that individual's time is spent on research, teaching, administration, or other activities. IBS does not include supplemental payments (one time or recurring), administrative supplements and/ or compensation for special programs and activities. Additionally, IBS does not include payments from other organizations or income that individuals are permitted to earn outside of their institutional responsibilities, such as consulting.

IBS rate must be used as the base salary on all grant proposals. For effort reporting purposes, total institutional effort is 100% effort, regardless of the individual's appointment (e.g., 0.5 FTE, .625 FTE, 1.0 FTE). No individual may commit more than 100% institutional or summer effort or be compensated at a rate that would exceed their annualized institutional base salary.

Employees - Time and Effort Reporting

Purpose

As a recipient of federal funds, the District must comply with the Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance") as well as other federal requirements for certifying effort expended on sponsored awards. The District requires all individuals who receive federal sponsored funding to comply with institutional policies and sponsoring agency regulations regarding the proposing, charging, and reporting of effort on those awards.

PCC faculty and staff are expected to charge their time to sponsored awards commensurate with the committed effort expended on all activities they perform. All individuals who receive any compensation from a federal award or a non-federal award where the non-federal sponsor requires effort reporting ("Sponsored Projects") are required to certify their effort. This process ensures that salaries and wages are properly expended and that actual effort is consistent with the committed and budgeted effort.

Subpart E §200.430 of the Uniform Guidance includes the federal regulatory requirements for compensation for personal services. This includes but is not limited to

the specified Standards for Documentation for Personnel Expenses. PCC's Effort Reporting policy and procedures are intended to meet these requirements.

Requirement

All district employees paid with federal funds shall document the time they expend in work performed in support of each federal program, in accordance with law. Time and effort reporting requirements do not apply to contracted individuals.

Policy Statement

1. Time and effort reports shall reasonably reflect the percentage distribution of effort expended by PCC employees involved in Sponsored Projects. The Time and Effort report must represent, in percentages totaling 100%, a reasonable estimate of an employee's effort for the period being reported. These reports shall reasonably reflect the activity for which the employee is compensated and shall encompass all activities on an integrated basis. "Effort" includes all research, teaching, administration, service, and any other activity for which an individual received compensation from the District. *Note: Section 200.430(c) states, "It is recognized that teaching, research, service, and administration are often inextricably intermingled in an academic setting. When recording salaries and wages charged to Federal awards for IHEs [Institutions of Higher Education], a precise assessment of factors that contribute to costs is therefore not always feasible, nor is it expected."*
2. The District may contribute certain "Cost Sharing" resources in sponsored proposals when appropriate. All Cost Sharing must be pre-approved. These resources may include but are not limited to matching funds, facilities, and/or faculty or staff time. When Cost Sharing resources are committed and budgeted for in a proposal or sponsored agreement, external sponsors consider the proposed cost sharing to be institutional commitments if such proposals are funded. As such, any voluntary cost sharing commitment should only be made when there are perceived advantages to the institution in receiving the award.
3. Each employee whose time is partially or fully committed to a federally Sponsored Project shall complete Time and Effort reports as required. The District's Time and Effort Form can be found at: <https://pasadena.edu/business-administrative-services/fiscal-services/docs/accounts-payable/Time-and-Effort-Form.pdf>. Reporting is required regardless of whether such time is paid by the sponsor, or is an

unpaid contribution, i.e. cost share match. Committed cost sharing must be included in effort reports.

4. The District uses an “after-the-fact” effort reporting system to certify that salaries charged or cost-shared to Sponsored Projects are reasonable and consistent with the work performed. This indicates that the distribution of salaries and wages will be supported by activity reports signed by the employee and certified by a responsible person with suitable means of verification that the work was performed, generally the grant managers, at the end of the specified reporting periods. Time and Effort reports shall be incorporated into the records of the District and retained in accordance with the sponsor regulations and/or the District’s Records Retention schedule.
5. Fiscal Services will assist grant managers, as needed, to obtain time and effort reports to document the amount of time staff work on a grant project. The Time and Effort report and certification forms are generated from a list of persons charged to grant project budgets as they appear in BANNER. Therefore, grant managers need to keep up with status change paperwork to ensure people are charged correctly to accounts. If changes are made to the percentages full-time staff members are charged to the project, a corresponding change to the Time and Effort Reports (also referred to as, Categorical Time Sheets) needs to be made as well. Grant managers need to work with Fiscal Services to make sure that the Time and Effort Reports are revised. It is critical that the Time and Effort Reports are accurate, and completed and available during an audit, as the Time and Effort Reports document and justify the personnel expenditures made to a project.

Internal Controls

Applicable Uniform Guidance section: [200.61](#) & [200.303](#)

The Uniform Guidance places strong emphasis on internal controls to reduce the risk of waste, fraud, and abuse in the stewardship of federal funding. Internal controls are the organizational processes we implement to ensure operational effectiveness and efficiency, reliability of internal and external reporting, and compliance with applicable laws and regulations.

PCC is required not only to have effective internal controls, but to communicate and follow them. We must also monitor compliance and take action when we identify issues. Grant Managers and Fiscal Services will need to collaborate to meet these requirements. This will include stronger efforts to limit cost transfers and late salary transfers, to practice effective financial review and control throughout the award period and to adequately document transactions.

Cash Management – Federal Programs

Generally, the district receives payment from the Federal granting agency on a reimbursement basis or through a draw down process. In some circumstances, the District may receive an advance of federal grant funds. Below addresses responsibilities of the District and District staff under those alternative payment methods. In either case, the District shall maintain accounting methods and internal controls and procedures that assure those responsibilities are met.

Payment Methods

Reimbursements – Advanced Grant Expenditures

The district will initially charge federal grant expenditures and will request reimbursement for actual expenditures incurred under the federal grants monthly.

Such requests shall be submitted with appropriate documentation and signed by the requestor. Requests for reimbursements will be approved by both the Grant Manager and Fiscal Services.

Reimbursement will be submitted on the appropriate form to Fiscal Services. All reimbursements are based on actual disbursements, not on obligations. Fiscal

Services will process reimbursement requests within the timeframes required for disbursement.

Consistent with state and federal requirements, the District will maintain source documentation supporting the federal expenditures (e.g. invoices, time sheets, payroll stubs) and will make such documentation available for review upon request.

Reimbursements of actual expenditures do not involve interest calculations.

Advances -

When the District receives advance payments of federal grant funds, it must minimize the time elapsing between the transfer of funds to the District and the expenditure of those funds on allowable costs of the applicable federal program. (2 CFR Sec. 200.305(b)).

When applicable, the District shall use existing resources available within a program before requesting additional advances. Such resources include program income (including repayments to a revolving fund), rebates, refunds, contract settlements, audit recoveries, and interest earned on such funds. (2 CFR Sec. 305(b)(5))

The district shall hold federal advance payments in insured, interest-bearing accounts.

The school district is permitted to retain for administrative expense up to \$500 per year of interest earned on federal grant cash balances. Regardless of the federal awarding agency, interest earnings exceeding \$500 per year shall be remitted annually to the Department of Health and Human Services Payment Management System (PMS) through an electronic medium using either Automated Clearing House (ACH) network or a Fedwire Funds Service payment. (2 CFR Sec. 200.305(b)(9))

Pursuant to federal guidelines, interest earnings shall be calculated from the date that the federal funds are drawn down from the G5 system until the date on which those funds are disbursed by the District. Consistent with state guidelines, interest accruing on total federal grant cash balances shall be calculated on cash balances per grant and applying the actual or average interest rate earned.

Remittance of interest shall be the responsibility of Fiscal Services.

Administration of Federal Funds – Type of Costs, Obligations and Property Management

The District establishes and maintains Board policies, administrative regulations and procedures on administration of federal funds in federal programs as required by the Uniform Grant Guidance and other federal, state and local laws, regulations and requirements. The District’s financial management system includes internal controls and grant management standards in the following areas.

Timely Obligation of Funds

Obligations – orders placed for property and services, contracts and subawards made, and similar transactions during a given period that require payment by the district during the same or a future period.

The following table illustrates when funds must be obligated under federal regulations:

Obligation is for:	Obligation is made:
Acquisition of property	On the date on which the District makes a binding written commitment to acquire the property
Personal services by a District employee	When the services are performed
Personal services by a contractor who is not a District employee	On the date on which the District makes a binding written commitment to obtain the services
Public utility services	When the District receives the services
Travel	When the travel occurs
Rental of property	When the District uses the property

A pre-agreement cost that was properly approved by the Secretary under the cost principles in 2 CFR Part 200, Subpart E - Cost Principles	On the first day of the project period
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34 CFR §75.707; 34 CFR §76.707

All obligations must occur between the beginning and ending dates of the federal award project, which is known as the period of performance. The period of performance is dictated by law and regulations and will be indicated in the federal award. Specific requirements for carryover funds may be specified in the federal award and must be adhered to by the District. (2 CFR Sec. 200.77, 200.309)

The District will handle obligations and carryover of state-administered and direct grants in accordance with state and federal law and regulations, and the terms and conditions of the federal award. Carryover will be calculated and documented by Fiscal Services.

The District may exercise an extension of the period of performance under a direct grant in accordance with law, regulations and the terms and conditions of the federal award when written notice is provided to the federal awarding agency at least ten (10) calendar days prior to the end of the period of performance. (2 CFR Sec. 200.308(d)(2))

The Grant Manager will decide when to apply for an extension of the period of performance if necessary.

The Grant Manager will develop the required written notice, including the reasons for the extension and revised period of performance; the notice will be issued no later than ten (10) calendar days prior to the end of the currently documented period of performance in the federal award.

The District must seek approval from the federal awarding agency for an extension of the period of performance when the extension is not contrary to federal law or regulations, and the following conditions apply:

1. The terms and conditions of the federal award prohibit the extension;

2. The extension requires additional federal funds; or
3. The extension involves any change in the approved objectives or scope of the project. (2 CFR Sec. §200.308)

Management of Property Acquired With Federal Funds

Contract and Purchasing Administration -

The District maintains internal controls, administrative regulations and procedures to ensure that contractors deliver goods and services in accordance with the terms, conditions and specifications of the designated contract, purchase order or requisition.

Property Classifications -

Property shall be classified as **equipment, supplies, computing devices and capital assets** as defined and specified in accordance with law, regulations and Board policy.

Inventory Control/Management -

All property purchased with federal funds, regardless of cost, will be inventoried as a safeguard.

Inventory will be received by the warehouse; designated staff will inspect the property, compare it to the applicable purchase order or requisition, and ensure it is appropriately logged and tagged in the District's property management system.

Items acquired will be physically labeled by source of funding and acquisition date.

Inventory records of equipment and computing devices must be current and available for review and audit, and include the following information:

1. Description of the item, including any manufacturer's model number.
2. Manufacturer's serial number or other identification number.
3. Identification of funding source.
4. Acquisition date and unit cost.
5. Source of items, such as company name.
6. Percentage of federal funds used in the purchase.
7. Present location, use, condition of item, and date information was reported.
8. Pertinent information on the ultimate transfer, replacement or disposition of the item and sale price of the property.

Inventory will be updated as items are sold, lost or stolen, or cannot be repaired, and new items are purchased.

Physical Inventory -

Physical inventory of property will be completed by designated district staff in accordance with applicable federal and state law and regulation and Board policy.

The physical inventory of items will be conducted every 2 years (2 CFR Section 200.313(d)(2)), and the results will be reconciled with the inventory records and reported to the federal awarding agency.

Maintenance -

The District establishes adequate maintenance procedures to ensure that property is maintained in good condition in accordance with law, regulation and Board policy.

Safeguards -

The district ensures that adequate safeguards are in place to prevent loss, damage or theft of property:

1. Any loss, damage or theft will be reported to the Director of Purchasing Services and investigated and fully documented, and may be reported to local law enforcement.
2. If stolen items are not recovered, the District will submit copies of the investigative report and insurance claim to the federal awarding agency.
3. The District may be responsible for replacing or repairing lost, damaged, destroyed or stolen items.
4. Replaced equipment is property of the originally funded program and should be inventoried accordingly.

Disposition of Property Acquired with Federal Funds –

When the District determines that real property, including land, land improvements structures and accessories thereto, acquired under a federal award is no longer needed for the originally authorized purpose, the District must obtain disposition instructions from the federal awarding agency or pass-through entity administering the program, in accordance with applicable law and regulations. (2 CFR Sec. 200.311)

When the District determines that equipment or supplies acquired under a federal award are no longer needed for the original project or program or for other activities currently or previously supported by a federal awarding agency, the Grant Manager will contact the federal awarding agency or pass-through entity administering the program to obtain disposition instructions, based on the fair market value of the equipment or supplies.

Generally, items with a fair market value of \$5,000 or less that are no longer effective may be retained, sold, purged, or transferred to the district. For items with a fair market value greater than \$5,000, the federal awarding agency is entitled to the federal share of the current market value or sales proceeds.

If the District will be replacing the equipment or supplies, they may use the existing equipment or supplies as a trade-in or sell the property and use the proceeds to offset the cost of the replacement property.

The Grant Manager will be responsible for contacting the federal awarding agency and determining the process for disposition of equipment or supplies.

The district may use the following methods in disposing of unnecessary equipment or supplies acquired with federal funds:

- Public auction and/or online sale – generally conducted by a licensed auctioneer.
- Salvage – scrap sold to local dealers.
- Negotiated sale – normally used when disposing of items of substantial value.
- Pre-priced sale – large quantities of obsolete or surplus equipment or supplies may be sold by this method.
- Donation to charitable organizations, for equipment or supplies with little to no value.
- Disposition to trash for equipment or supplies with no value.

The Director of Purchasing Services will be responsible for maintaining records of obsolete and surplus property disposed of, and will report to the federal awarding agency when required.

Procurement

Applicable PCC Board Policy [BP 6330](#)

It is the policy of the Pasadena Area Community College District to adopt a centralized purchasing concept whereby the District will maintain an actively competitive attitude to obtain the best combination of product quality, price, and delivery. In accordance with good accounting practice, the District shall also maintain adequate controls and historical data on equipment purchases. Further, the Vice President for Administrative Services is directed to establish District purchasing and inventory procedures which shall be followed in the procurement of products and services, and in the documentation and control of assets.

1. The Board of Trustees delegates to the Superintendent-President of the District and to the Vice President for Administrative Services the power to contract on behalf of the Pasadena Area Community College District.
2. The Board of Trustees delegates to the Director of Purchasing Services the authority to purchase supplies, materials, apparatus, equipment, and services involving expenditure by the District up to, but not to exceed, the amount specified in Public Contract Code 20651. All transactions entered into by such designee shall be reviewed by the governing board within a sixty (60) day period.
3. The Board of Trustees delegates to the Director of Purchasing Services the authority to contract for materials, apparatus, equipment, and services not authorized under Education Code Section 81656.

All contracts entered into by such designee shall be approved or ratified by the governing board, as evidenced by a motion duly passed and adopted.

4. No member of the governing board shall have an interest in, or accept any offer that would influence action on, any school contract.
5. The Board delegates to the Superintendent-President or his designee the authority to expend up to Two Hundred Fifty Dollars (\$250.00) per transaction for work done, compensation, or purchase of equipment, supplies, or materials, subject to the provisions of Public Contract Code Section 20658.
6. The Board has designated the Director of Purchasing Services, as its representative, to be responsible for the documentation and control of all fixed assets, as defined in the Community College Budget and Accounting Manual.

Purchasing Processes and Procedures

The District's Purchasing Department has the authority to purchase and/or lease supplies, equipment, and services. Purchases made by an individual not assigned the authority to do so will incur a personal obligation to the vendor. Contact the Purchasing Department for information and assistance with district purchasing processes for:

- **Grant Funded Requisitions**
- **Bidding**
- **Contracting with Vendors or Partners (Sub-recipients)**
- **Independent Contractor (Consultant)/Guest Lecturer**

To buy the supplies, services, and equipment needed for their projects, grant managers or their staff will need to input requisitions into BANNER, the District's data and Fiscal Services system. Prior to entering the requisitions, the budget should be reviewed to make sure there is money in the account(s) that will be charged. Once the requisitions are entered into BANNER, they are assigned a requisition number, and placed on hold until approved by the department administrator. Once approved, the Requisitions will be assigned a purchase order (PO) number and will be processed by Purchasing. Allow 1-3 weeks after requisitions are marked "approved" for purchasing staff to complete the order.

Grant managers can help expedite the purchasing process by doing the following:

- a) Use the correct object code/account number.** Before completing the REQUISITION the Grant Manager should contact the Grant Accountant to check that the object code(s) that will be used are correct. **Note:** if you use an incorrect object code your purchase will be delayed.
- b) The BANNER system automatically checks the balance in the account to be charged.** If there are insufficient funds for the purchase, BANNER will not let you complete the requisition. If there is not enough money in the account, funds will need to be transferred from one account to the other via a budget change form. If you are not sure whether this change is allowable per your grant requirements or your budget does not have an account number for the item, you need to contact the Accountant. After the account is created, you will need to complete a budget change form to move money from an existing account into the new account.
- c) Confer with Information Technology Services (ITS) when purchasing technology hardware or software** before submitting your REQUISITION because of district standardization practices and installation considerations.

- d) Make sure the requisition has the correct item number, quantity, description, and calculate the total cost (unit cost, shipping & handling, and taxes). If you know the vendor website or have an order form for the product, send a copy to Purchasing and write the requisition number on the copy.

Make purchases early in the grant period. The nature, volume, and timing of requests will determine whether orders will be delivered on time. Purchasing sends emails to all District employees that specify purchasing cut-off dates well in advance of spring deadlines.

Competition

Applicable Uniform Guidance section: [200.318](#), [200.319](#) & [200.320](#)

The Uniform Guidance emphasizes that all procurement transactions must be conducted in a manner providing full and open competition. The federal competitive bidding dollar threshold is adjusted periodically by the federal government, and the threshold most recently established and published in the Federal Register shall apply if other than \$150,000. (48 CFR Subpart 2.1) Some grants may have lower dollar amounts that affect bidding requirements. The bid process takes longer than the normal purchasing process. Grant managers should contact the Purchasing Department as early as possible to begin the bid process.

Methods of procurement for sole source:

- o Procurement by noncompetitive proposals (sole source) is procurement through solicitations from only one source and may be used only when one or more of the following circumstances apply
 - The item is available only from a single source
 - The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation
 - The Federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the non-Federal agency; **Or** after solicitation of a number of sources, competition is determined to be inadequate
- o Cost or price analysis is still required to establish a reasonable price

- Profit must be negotiated as a separate element of the price when there is no price competition

The new regulations also require that we have clearly defined roles and responsibilities, written policies, and monitoring in place to ensure compliance. We must maintain records sufficient to detail the purchase history. These records should include: contract type, contractor selection or rejection and the basis for the contract price.

Computing Devices

Applicable Uniform Guidance section: [200.20](#) & [200.453](#)

Computing devices can be direct charged to a federal award if they are essential and allocable, even if they are not solely dedicated, to the performance of the federal award.

Computing devices means machines that cost less than \$5,000 and are used to acquire, store, analyze, process and publish data and other information electronically, including accessories (or “peripherals”) for printing, transmitting and receiving, or storing electronic information.

Purchasers and administrators and Grant Managers monitoring awards must ensure and document that computing devices are essential to the project and allocated appropriately among research awards and discretionary accounts. Such documentation should be retained on file.

Conflict of Interest

Applicable Uniform Guidance section: [200.112](#) & [200.318](#)

We must maintain written standards of conduct covering conflicts of interest and governing the performance of our employees engaged in the selection, award and administration of contracts. The standards must provide for disciplinary actions to be applied for violations of standards.

- A conflict of interest would arise when an 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.

- We are required to notify Federal sponsors when we have a real or perceived Conflict of Interest

Purpose

Applicable PCC Board Policy [BP 2710](#)

Applicable Government Code [Sec. 1091](#), Sec. 1091.5, Sec. 87100, Sec. 87200, Sec. 87300, Sec. 89506 et. Esq.

This policy shall affirm standards of conduct established to ensure that Board members and employees avoid potential and actual conflicts of interest, as well as the perception of a conflict of interest.

Board members and employees shall not be financially interested in any contract made by them in their official capacity, or in any body or board of which they are members.

A Board member shall not be considered to be financially interested in a contract if his/her interest is limited to those interests defined as remote under Government Code Section 1091 or is limited to interests defined by Government Code Section 1091.5.

A Board member who has a remote interest in any contract considered by the Board shall disclose his/her interest during a Board meeting and have the disclosure noted in the official Board minutes. The Board member shall not vote or debate on the matter or attempt to influence any other Board member to enter into the contract.

A Board member shall not engage in any employment or activity that is inconsistent with, incompatible with, in conflict with or inimical to his/her duties as an officer of the District.

Pursuant to the provisions of Government Code Sections 87300, the Board adopts a Conflict of Interest Code. Nothing contained therein is intended to modify or abridge the provisions of the Political Reform Act of 1974, (Government Code Section 81000 et seq.). The provisions of this Code are additional to Government Code Section 87100 and other laws pertaining to conflicts of interest. Except as otherwise indicated, the definitions of the Political Reform Act of 1974 and associated regulations are incorporated within this bylaw. A copy of the Code is on file in the Office of the Assistant Superintendent/Vice President Business and Administrative Services.

- 1) The persons occupying the following positions manage public investments. They shall file a full statement of economic interests pursuant to Government Code Sections 87200 et seq.:
Governing Board Members

Chief Executive Officer

2) Disclosure Categories: The disclosure categories listed below identify the types of investments, business entities, sources of income, or real property which the designated employees must disclose for each disclosure category to which he/she is assigned.

Category 1: All investments and business positions and sources of income from, business entities that do business with the District or own real property within the boundaries of the District, plan to do business or own real property within in the boundaries of the District within the next year, or have done business with or owned real property within the boundaries of the District within the past two years.

Category 2: All interests in real property which is located in whole or in part within, or not more than two miles outside, the boundaries of the District.

Category 3: All investments and business positions in, and sources of income from, business entities that are engaged in land development, construction or the acquisition or sale of real property within the jurisdiction of the District, plan to engage in such activities within the jurisdiction of the District within the next year, or have engaged in such activities within the jurisdiction of the District within the past two years.

Category 4: All investments and business positions in, and sources of income from, business entities that are banking, savings and loan, or other financial institutions.

Category 5: All investments and business positions in, and sources of income from, business entities that provide services, supplies, materials, machinery, vehicles or equipment of a type purchased or leased by the District.

Category 6: All investments and business positions in, and sources of income from, business entities that provide services, supplies, materials, machinery, vehicles or equipment of a type purchased or leased by the Designated Employee's Department.

Designated Positions, and the Disclosure Categories assigned to them, are as follows:

Assistant Supt./VP Business and Admin. Services	Categories	1,2,3
Assistant Supt./VP Instruction	Categories	1,2,3
Assistant Supt./Sr. VP Noncredit and Off-Site	Categories	1,2,3

Vice President Student Services	Categories 4
Vice President Human Resources	Categories 2,3
Associate Vice President Instruction	Categories 1,2,3
Director of Purchasing and Contracts Administration	Categories 1,4,5
Executive Director, Business Services	Categories 1,2,3
Executive Director of Facilities	Categories 1,3,4
Executive Director of Fiscal Services	Categories 1,2,3
Executive Director, Inst. Effectiveness & Planning	Categories 4
Executive Director, Strategic Comm. & Mktg.	Categories 1,2,3
Executive, Economic & Workforce Development	Categories 1,2,3
Executive Director, Information Technology Services	Categories 1,2,3
Executive Director, Foundation	Categories 1,2,3
Manager, Internal Audits	Categories 1,2,3
Manager, Bookstore	Categories 6
Director of Maintenance & Operations	Categories 1,3,4
Director of Professional Development	Categories 6
Director of Rosemead Site	Categories 1,2,3
Director of Human Resources	Categories 2,3
Director, Foundation Operations	Categories 1,2,3
Police Chief	Categories 5,6
Accountant	Categories 4,5
Deans, Assoc. Deans, Asst. Deans	Categories 6
Director, Admissions and Records	Categories 1,2,3
Assistant Directors	Categories 6
Consultants	Categories 1,2,3,4,5,6

Consultants must be included in the list of designated employees and must disclose pursuant to the broadest disclosure category in this Code subject to the following limitation: The Superintendent-President or designee may determine in writing that a particular consultant, although a “designated position,” is hired to perform a range of duties that are limited in scope and thus is not required to comply fully with the disclosure requirements described in this Section. Such written determination shall include a description of the consultant’s duties and, based on that description, a statement of the extent of disclosure requirements. The Superintendent-President’s or designee’s determination is a public record and shall be retained for public inspection in the same manner and location as this Conflict of Interest Code.

Officers and employees holding these positions are designated employees and are deemed to make, or participate in the making of, decisions which may foreseeably have a material effect on a financial interest. These individuals shall file statements of Economic Interest with the Human Resources office, which in turn will file the statements with the appropriate county office.

Board members and others shall not be financially interested in any contract made by the Board or in any contract they make in their capacity as Board members. A Board member shall not be considered to be financially interested in a contract if his/her interest is limited to those interests defined as remote under Government Code Section 1091 or is limited to interests defined by Government Code Section 1091.5.

If a Board member or designated employee determines that he/she has a financial interest in a decision, as described in Government Code Section 87103, this determination shall be disclosed and made part of the Board's official minutes. In the case of a designated employee, this announcement shall be made in writing and submitted to the Board. A Board member, upon identifying a conflict of interest, or a potential conflict of interest, shall do all of the following prior to consideration of the matter.

- a. Publicly identify the financial interest in detail sufficient to be understood by the public;
- b. Recuse himself or herself from discussing and voting on the matter;
- c. Leave the room until after the discussion, vote, and any other disposition of the matter is concluded unless the matter is placed on the agenda reserved for uncontested matters. A Board member may, however, discuss the issue during the time the general public speaks on the issue.

A Board member shall not engage in any employment or activity that is inconsistent with, incompatible with, in conflict with, or inimical to his/her duties as an officer of the District. A Board member shall not simultaneously hold two public offices that are incompatible. When two offices are incompatible, a Board member shall be deemed to have forfeited the first office upon acceding to the second.

An employee of the District may not be sworn in as an elected or appointed member of the Board of Trustees unless and until he/she resigns as an employee. If the employee does not resign, the employment will automatically terminate upon being sworn into office. This provision does not apply to an individual who is usually employed in an occupation other than teaching and who also is, at the time of election to the Board, employed part time by the District to teach no more than one course per semester or quarter in the subject matter of that individual's occupation (Education Code Section 72103(b)).

Standards of Conduct

The district maintains the following standards of conduct covering conflicts of interest and governing the actions of its employees and Board members engaged in the selection, award and administration of contracts.

No employee, Board member, or agent of the District may participate in the selection, award, or administration of a contract supported by a federal award if he/she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, Board member, or agent, any member of his/her immediate family, his/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 Board members, employees, and agents of the District may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts.

Honorariums

Board members and any employees who manage public investments shall not accept any honorarium, which is defined as any payment made in consideration for any speech given, article published, or attendance at any public or private gathering (Government Code Sections 89501, 89502) that is given or offered in connection with any speech, article, or other activity related to his/her responsibilities or duties for the Board of Trustees, Pasadena City College, or the Pasadena Area Community College District.

Designated employees shall not accept any honorarium that is defined as any payment made in consideration for any speech given, article published, or attendance at any public or private gathering, if the employee would be required to report the receipt of income or gifts from that source on his/her statement of economic interests.

The term "honorarium" does not include:

- a. Earned income for personal services customarily provided in connection with a bona fide business, trade, or profession unless the sole or predominant activity of the business, trade or profession is making speeches.
- b. Any honorarium that is not used and, within 30 days after receipt, is either returned to the donor or delivered to the District for donation into the general fund without being claimed as a deduction from income tax purposes.

Board members and employees may neither solicit nor accept gratuities, favors or anything of monetary value from contractors or parties to subcontracts, unless the gift is

an unsolicited item of nominal value. Gifts of a nominal value may be accepted in accordance with Board policy.

No Employment Allowed

An employee of the District may not be sworn in as an elected or appointed member of the Board of Trustees unless and until he/she resigns as an employee. If the employee does not resign, the employment will automatically terminate upon being sworn into office. This provision does not apply to an individual who is usually employed in an occupation other than teaching and who also is, at the time of election to the Board, employed part time by the District to teach no more than one course per semester or quarter in the subject matter of that individual's occupation (Education Code Section 72103(b)).

Gifts

Board members and any employees who manage public investments shall not accept from any single source in any calendar year any gifts in excess of the prevailing gift limitation specified in law.

Designated employees shall not accept from any single source in any calendar year any gifts in excess of the prevailing gift limitation specified in law if the employee would be required to report the receipt of income or gifts from that source on his/her statement of economic interests.

The Political Reform Act (PRA) establishes rules that public officials must follow relating to the receipt of gifts. The gift limit restricts the total amount of gifts that officials and candidates may receive from a single source during a calendar year. Currently, the annual limit is \$470. When disclosing gifts on a Statement of Economic Interest Form 700, officers and employees who receive gifts totaling \$50 or more from a single source during the reporting period must disclose those gifts.

The PRA also has a number of exceptions to the gift limit and reporting requirements. One of these exceptions relates to tickets or passes provided by a district to an official of the district.

This exception applies to tickets and passes for admission to a facility, event, show, or performance for an entertainment, amusement, recreational, or similar purpose that are provided by the district to an official of the district. This would include tickets that a district purchases for an entertainment event, such as a fundraiser for a local entity, so long as the district distributes the tickets under the district's ticket distribution policy.

The tickets and passes does not apply to tickets to student productions, games, etc., or events where the official performs a ceremonial role on behalf of the district. Additionally, tickets provided directly to the official from sources other than the district, such as individuals, a district's Foundation, corporations, etc., do not fall under this exception because the district does not provide the tickets.

The California Fair Political Practices Commission (FPPC) also specifies that the source of the tickets or passes cannot earmark them for use by a particular district official, and the district must determine, in its sole discretion, which official may use its ticket or pass. The FPPC further requires that districts have a written protocol for distributing of tickets. This protocol is kept on file in the Superintendent-President's Office.

The FPPC will not consider tickets or passes provided to district officials under this exception gifts or income to the official who uses them, so long as the official reports the ticket or pass as income if required by state and federal income tax laws and the district reports the tickets on FPPC Form 802. The district must complete the Form 802 within 45 days of distribution of the ticket or pass. Once completed, the district must post the Form 802 on the district's website and send the FPPC an email with a link to the where the district has the form posted.

The above limitations on gifts do not apply to wedding gifts and gifts exchanged between individuals on birthdays, holidays and other similar occasions, provided that the gifts exchanged are not substantially disproportionate in value.

Gifts of travel and related lodging and subsistence shall be subject to the above limitations except as described in Government Code Section 89506.

A gift of travel does not include travel provided by the District for Board members and designated employees.

Representation

Elected officials and the Superintendent-President shall not, for a period of one-year after leaving their position, act as an agent or attorney for, or otherwise represent for compensation, any person appearing before that local government agency.

Contracts Supported by Federal Funds (2 Code of Federal Regulations Part 200.318(c)(1))
No employee, Board member, or agent of the District may participate in the selection, award, or administration of a contract supported by a federal award if he/she has a real

or apparent conflict of interest. Such a conflict of interest would arise when the employee, Board member, or agent, any member of his/her immediate family, his/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 Board members, employees, and agents of the District may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts. Disciplinary action will be taken for violations of such standards by Board members, employees, or agents of the District.

Organizational Conflicts

Organizational conflicts of interest may exist when due to the District's relationship with a subsidiary, affiliated or parent organization that is a candidate for award of a contract in connection with federally funded activities, the District may be unable or appear to be unable to be impartial in conducting a procurement action involving a related organization.

In the event of a potential organizational conflict, the potential conflict shall be reviewed by the Superintendent-President or designee to determine whether it is likely that the district would be unable or appear to be unable to be impartial in making the award. If such a likelihood exists, this shall not disqualify the related organization; however, the following measures shall be applied:

1. The organizational relationship shall be disclosed as part of any notices to potential contractors;
2. Any District employees or officials directly involved in the activities of the related organization are excluded from the selection and award process;
3. A competitive bid, quote or other basis of valuation is considered; and
4. The Board has determined that contracting with the related organization is in the best interests of the program involved.

Reporting

Any perceived conflict of interest that is detected or suspected by any employee or third party shall be reported to the Superintendent-President. If the Superintendent-President is the subject of the perceived conflict of interest, the employee or third party shall report the incident to the Board President.

Any perceived conflict of interest of a Board member that is detected or suspected by any employee or third party shall be reported to the Board President. If the Board President is the subject of the perceived conflict of interest, the employee or third party shall report the incident to the Superintendent-President, who shall report the incident to the solicitor. No reprisals or retaliation shall occur as a result of good faith reports of conflicts of interest.

Investigation

Investigations based on reports of perceived violations of this policy shall comply with state and federal laws and regulations. No person sharing in the potential conflict of interest being investigated shall be involved in conducting the investigation or reviewing its results.

In the event an investigation determines that a violation of this policy has occurred, the violation shall be reported to the federal awarding agency in accordance with that agency's policies.

Disciplinary Actions

If an investigation results in a finding that the complaint is factual and constitutes a violation of this policy, the district shall take prompt, corrective action to ensure that such conduct ceases and will not recur. District staff shall document the corrective action taken and, when not prohibited by law, inform the complainant.

Disciplinary action will be taken for violations of such standards by Board members, employees, or agents of the District.

Disciplinary actions shall be consistent with Board policies, procedures, applicable collective bargaining agreements and state and federal laws.

Contracting with Small and Disadvantaged Businesses

Applicable Uniform Guidance section: [200.321](#)

(Woman Owned, Veteran Owned, Disabled Veteran Owned, Disadvantaged, Historically Black College/Universities or Minority Institution, Hub Zone, Alaskan Native)

We must take the following affirmative steps to ensure Small and Disadvantaged businesses are used when possible:

- Place these qualified businesses on solicitation lists
- Assure that such businesses are solicited when they are potential sources
- Divide total requirement, when economically feasible, into smaller tasks or quantities to permit maximum participation from such businesses
- Establish delivery schedules, where the requirement permits, which encourage such businesses to respond
- Use service and assistance from such organization as SBA, Minority Business Development Agency of the Department of Commerce; **and**
- Require prime contractors to take the same affirmative steps.

End of Project Purchasing

Applicable Uniform Guidance section: 200.314

Under the Uniform Guidance, \$5,000 is the threshold for an allowable maximum residual inventory of unused materials and supplies, including computing devices, at the end of a project.

In general, purchases near the end of a project may be subject to additional scrutiny. Like all purchases, they must strictly follow the cost principles of being necessary and reasonable for the performance of the project, allocable to the project based on benefit received and consistently applied.

Record Retention

Applicable Uniform Guidance section: [200.335-337](#)

The Uniform Guidance provides an opportunity to shift from paper to electronic methods of storage. It encourages federal agencies and institutions to use electronic formats rather than paper whenever practicable. While we must still provide or accept paper when it is requested, the guidance says that when original records are electronic and non-alterable, there is no need to create and retain paper copies. Similarly, when original records are paper (e.g. receipts), electronic versions (e.g. pdf scans) may be substituted provided they remain readable, are subject to periodic quality control reviews and are reasonably safeguarded against being altered.

Applicable Code of Federal Regulations: [34 CFR Sec. 75.730-75.732, 76.730-76.931](#)

The district shall ensure the proper maintenance of federal fiscal records documenting:

1. Amount of federal funds
2. How funds are used
3. Total cost of each project
4. Share of total cost of each project provided from other sources
5. Other records to facilitate an effective audit
6. Other records to show compliance with federal program requirements
7. Significant project experiences and results

All records must be retrievable and available for programmatic or financial audit.

Applicable Code of Federal Regulations: [2 CFR Sec. 200.336](#)

The District shall provide the federal awarding agency, Inspectors General, the Comptroller General of the United States, and the pass-through entity, or any of their authorized representatives, the right of access to any documents, papers, or other District records which are pertinent to the federal award. The District shall also permit timely and reasonable access to the District's personnel for the purpose of interview and discussion related to such documents.

Applicable Code of Federal Regulations: [2 CFR Sec. 200.333](#)

Records shall be retained for a minimum of five (5) years from the date on which the final Financial Status Report is submitted, or as otherwise specified in the requirements of the

federal award, unless a written extension is provided by the awarding agency, cognizant agency for audit, oversight agency for audit or cognizant agency for indirect costs.

If any litigation, claim or audit is started before the expiration of the standard record retention period, the records shall be retained until all litigation, claims or audits have been resolved and final action taken.

Applicable PCC Board Policy: [BP 5040](#)

It is the policy of the Pasadena Area Community College District that Pasadena City College will create, maintain, and dispose of the educational records of the students of the College properly and at all times guard the integrity and confidentiality of those records.

The Superintendent-President shall assure that student records are maintained in compliance with applicable federal and state laws relating to the privacy of student records.

Applicable Uniform Guidance section: [200.333](#)

Note that there are inconsistencies between the UG and the Federal Acquisition Regulation (FAR). Federal contracts follow the FAR, plus UG for cost principles only. Under the FAR, paper records related to contracts must be kept for a year after they are converted to an electronic format.

Subawards

F&A 10% de minimis

Applicable Uniform Guidance section: [200.414](#)

The Guidance allows the District to provide a de minimis “Facilities” and “Administration” (F&A) rate of 10% modified total direct costs to subawardees who do not have a federally negotiated rate. Subaward budgets to PCC should clearly state whether the de minimis indirect costs are being utilized.

Fixed Price Subwards

Applicable Uniform Guidance section: [200.45](#), [200.332](#) & [200.201](#)

PCC may issue fixed price subs under limited circumstances, usually to higher risk organizations. Under the new Guidance, such subawards require specific sponsor approval, and may not exceed \$150,000.

Subaward Performance Monitoring

Applicable Uniform Guidance section: [200.330](#) and [200.331](#)

The new subaward monitoring requirements stress the need for PCC to document how it monitors subawardees. Program Managers are reminded that invoices should only be paid if the subawardee is making adequate progress towards achieving performance goals. Expenses should be commensurate with progress to date. Performance issues must be addressed as they arise, for example payments should be withheld and problems escalated, as needed.

High risk subawards must be carefully evaluated and monitored through the life of the award, and additional oversight measures may be required depending on the experience level of the institution.

Subaward Monitoring Procedure

Conditions: Grant managers should work with the Purchasing Department to develop sub-award agreements with partners. In order for the district to award grant funds to another entity (individual or organization), the following conditions must be met:

1. Partners must be identified in the grant proposal that was approved by the funding agency, with their roles in the project specifically stated, and the approved budget must include the amount of funds that will be awarded to the partner. Changes in the roles and funds usually require approval by the funding agency.
2. The partner must agree to all of the terms stated in the sub-award agreement, which is a legal, binding agreement between the district and the partner.

The partner must maintain proper Fiscal Services records, and be willing and able to conduct an audit per the federal Single Audit Act, if requested.

If the conditions are met, Purchasing staff and the Grant Manager will jointly outline requirements of the agreement that are particular to the grant. Processing a sub-award agreement can take a month or more depending on the complexity of the agreement and the timing of the board meetings. The Board must approve all sub-award agreements. A sub-award agreement will include at minimum the following:

1. Name of the project, sub-award agreement number assigned by Fiscal Services, and (if applicable) the CFDA (Catalog of Federal Domestic Assistance) program title and number, and name of funding agency;
2. The legal name and federal tax identification number of the partner agency;
3. Contract period;
4. Contact/responsible persons from the District and partner agency;
5. Dollar amount of the contract (must be exact amount approved by the sponsoring agency);
6. Payment schedule that indicates what must be provided in order to be paid, i.e., invoice, documentation of expenditures, reports, and/or other work products;
7. Scope of Work and timeline that indicate what activities are to be completed and by when. This often may be fulfilled by attaching a copy of all or relevant portions of the approved grant proposal to the agreement;
8. Correct names and titles of expected signatories to the agreement; and
9. Specific language required by the funding agency.

Once this information is compiled, and a draft of the agreement created, Purchasing staff will send it to the director and to the partner for review.

After both parties approve the content of the sub-award agreement, Purchasing will assign a sub-award agreement "B" number, and prepare and submit the agreement for the Board Packet. Purchasing will prepare and submit the agreement for the Board Packet.

Purchasing then sends two signed copies to the partner with a request that one fully-signed copy be returned. **Only** when the agreement is fully executed (signed by both parties) will invoices from the partner be paid.

Travel

Applicable Uniform Guidance section: [200.474](#)

If travel expenses are charged to a federal award, the documentation for such charges must justify that travel by the individual is **necessary to the federal award**.

Proposals that anticipate travel on a federal award should include a budget justification clarifying who is traveling and why that person's travel is necessary. Travelers and/or administrators must document, and retain the documentation, as to why the trip was necessary and how it benefited the project.

Flying on Federal Funds - Fly America Act

Compliance with the Fly America Act is the responsibility of each traveler. Before making arrangements for air travel for District business, the traveler should investigate the funding type and, if applicable, ensure the booking is in accordance with any requirements or restrictions.

Requirements

The [Fly America Act](#) is a federal regulation that requires the use of U.S. carriers for travel that will be reimbursed from federal grants and contracts. Travelers who will be reimbursed from federal grants and contracts can also use foreign air carriers with code-sharing agreements with U.S. flag carriers. If there is no U.S. carrier to your destination, you must travel on a U.S. carrier as far as possible. Additional cost for U.S. carrier flights is not sufficient justification to fly on foreign carriers. Please note that the same rules apply to a foreign visitor's flights supported by federal funds.

Code-sharing agreements with foreign air carriers, whereby American carriers purchase or have the right to sell a block of tickets on a foreign carrier, comply with the Fly America Act Regulations. The ticket, or documentation for an electronic ticket, must identify the U.S. carrier's designator code and flight number.

Note: Some funding sources may not recognize code-sharing as being compliant with Fly America Act regulations. When fund source policy is more restrictive than District travel policy, the more restrictive policy applies.

Open Skies Agreement Exception from Fly America Act

The most well-known exception to the Fly America Act is when an Open Skies agreement is in place between the United States (U.S.) government and the government of foreign

country. Under the Open Skies agreement, the use of a foreign carrier is allowable when that airline is a member state carrier or between two points outside the U.S., subject to certain restrictions.

Travelers funded by federal grants and contracts should review GSA publication Federal Travel Regulations Section 301-10.106 for any City-Pair requirements and Section 301-10.135 for any Open Skies requirements.

A [list of countries](#) the U.S. has Open Skies agreements with is available at the U.S. State Department website.

Other Exceptions from Fly America Act

Travel that is to be reimbursed from federal grants and contracts must be booked through U.S. carriers except in the following additional circumstances:

- When the use of U.S. carrier service would extend travel time (including delay at origin) by 24 hours or more
- When the costs of transportation are reimbursed in full by a third party, such as a foreign government or an international agency
- When U.S. carriers do not offer nonstop or direct service between origin and destination. However, a U.S. carrier must be used on every portion of the route where it provides service unless, when compared to using a foreign air carrier, such use would:
 - Increase the number of aircraft changes outside the United States by two or more
 - Extend travel time by at least six hours or more
 - Require a connecting time of four hours or more at an overseas interchange point.

Note: When one or more of the above circumstances apply, an explanation indicating the appropriate exception must be provided on the travel request.

Travel Reimbursement Process and Procedure

Applicable Code of Federal Regulations: [2 CFR Sec. 200.474](#)

Applicable PCC Board Policy: [BP 7400](#)

Applicable PCC Administrative Procedure: [AP 7420](#)

For purposes of this policy, **travel costs** shall mean the expenses for transportation, lodging, subsistence, and related items incurred by employees and school officials who are in travel status on official business as a federal grant recipient.

School officials and district employees shall comply with Board Policy 7400 and administrative regulations established for reimbursement of travel and other expenses.

The validity of payments for travel costs for all District employees and school officials shall be determined by the Superintendent/President or designee.

Travel costs shall be reimbursed on a mileage basis for travel using an employee's personal vehicle and on an actual cost basis for meals, lodging and other allowable expenses, consistent with those normally allowed in like circumstances in the District's nonfederally funded activities, and in accordance with the District's travel reimbursement policies and administrative regulations.

Mileage reimbursements shall be at the rate approved by the Board for other District travel reimbursements. Actual costs for meals, lodging and other allowable expenses shall be reimbursed only to the extent they are reasonable and do not exceed the per diem limits established by the board.

In accordance with Education Code Section 70902(d), the Board of Trustees specifically authorizes the Superintendent-President or designee to approve or deny requests for travel, meetings and conferences that are held within the United States and which cost less than or equal to \$2500 per person. Travel meetings, and conferences which are held outside the United States or which will cost are greater than \$2500 or more per person, will be approved or denied by the Board of Trustees.

All travel costs must be presented with an itemized, verified statement prior to reimbursement.

In addition, if these costs are charged directly to the federal award, documentation must be maintained that justifies that:

1. Participation of the individual is necessary to the federal award.
2. The costs are reasonable and consistent with the District's established policy.