

**Duncanville Independent  
School District**

*“Writing Success Stories,  
One Student at a Time”*



**Federal and State Programs  
Guidelines and Procedures**

These federal grant policies and procedures are applicable to all federal grants awarded to the District. All employees who deal with federal grants must be familiar with them and must fully comply with all requirements contained herein.

# **Federal Grant Policies and Procedures Manual**

## **Pursuant to Requirements in 2 CFR Part 200: Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and Education Department General Administrative Regulations (EDGAR)**

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# Introduction

## Purpose

This manual sets forth the policies and procedures used by Duncanville Independent School District (the District) to administer federal funds pursuant to [Title 2 of the Code of Federal Regulations \(2 CFR\) Part 200](#), which took effect for non-federal entities on December 26, 2014. It also includes requirements and references from the federal regulations in [EDGAR](#) (*Education Department General Administrative Regulations*) as well as certain policies and laws pertaining specifically to Texas school districts.

The manual contains the internal controls and grant management standards used by the District to ensure that all federal funds are lawfully expended. It describes in detail or references the District's financial management system, including cash management procedures; procurement policies; inventory management protocols; procedures for determining the allowability of federal expenditures; time-and-effort reporting; record retention; and monitoring responsibilities. All employees of the District who deal with federal funds in any capacity are expected to review this manual to gain familiarity and understanding of the District's rules and practices and to comply with all requirements.

## Effective Date

For awards made prior to December 26, 2014, the uniform requirements found in 34 CFR Parts 74 and 80 of [EDGAR](#) still apply. For awards made on or after December 26, 2014, the uniform grant guidance in [2 CFR Part 200](#) applies. Much of the substance found in the previous 34 CFR Parts 74 and 80 is now found in 2 CFR Part 200.

Therefore, for formula grants administered by the Texas Education Agency (TEA), the policies and procedures in this document are in effect beginning July 1, 2015, in conjunction with the formula grant period that begins July 1, 2015. These policies and procedures will also be in effect for any new discretionary grants administered by TEA that begin on or after July 1, 2015.

For existing multi-year discretionary grants administered by TEA or by another awarding agency where the initial grant period began before July 1, 2015, the policies and procedures that were previously in effect remain in effect for the duration of that multi-year project period unless significant changes are made to the program. In that case, the policies and procedures in this document are in effect beginning with the year that significant changes were in effect.

In all cases, the Notice of Grant Award (NOGA) from TEA or the Grant Award Notification (GAN) from another awarding agency will specify which set of rules is in effect for that particular grant. If the grant

award specifies that grantees must comply with 2 CFR Part 200 or with the requirements in EDGAR, then the policies and procedures contained in this manual must be followed.

Type of Grant	Effective Date of These Policies and Procedures
Formula grants administered by TEA that begin on or after July 1, 2015	July 1, 2015
Discretionary grants administered by TEA that begin on or after July 1, 2015	July 1, 2015
Multi-year discretionary grants that began prior to July 1, 2015	Follow the policies and procedures that were in effect prior to these unless there are significant changes to the discretionary grant, at which time the policies and procedures in this document will take effect.

Special Note: The District must maintain all policies and procedures that previously applied to federal grants for five years after the ending date of those grants for audit and monitoring purposes. The previously-used policies and procedures are in effect for any grants that were awarded prior to December 26, 2014.

### Scope

The policies and procedures contained within this manual apply to all federal grants received by the District and to all employees of the District.

### Monitoring for Compliance and Consequences for Non-compliance

The District is responsible for complying with all requirements of each federal award (2 CFR 200.300[b]). Compliance with these policies and procedures is monitored by the District. Failure of a district employee to comply with any of these requirements may result in disciplinary action, up to and including termination.

### Definitions

Definitions as they pertain to federal grants appear in two places: *34 CFR Part 77 - Definitions That Apply to Department Regulations*, and *2 CFR Part 200, Subpart A*, which relate to the policies and procedures in this document. District employees who deal with federal grants must be familiar with the definitions in both.

Two terms used frequently in 2 CFR Part 200 are “state-administered grants” and “direct grants.” “*State-administered grants*” are those grants that pass through a state agency (i.e., a *pass-through agency*) such as TEA. The majority of grants the District receives are state-administered grants. Both TEA and the

subgrantees must comply with the requirements in 34 CFR Part 76 in addition to the requirements in 2 CFR Part 200.

“*Direct grants*” are those grants that do *not* pass through another agency such as TEA and are awarded directly by the federal awarding agency to the grantee organization. These are usually discretionary grants that are awarded by the U.S. Department of Education (USDE) or by another federal awarding agency. In many instances, TEA may apply for a direct grant from the USDE on a competitive basis and then award subgrants. Or the District may apply directly from the USDE for a competitive grant. In either case, these grants are “*direct grants*,” and the District must comply with the requirements in 34 CFR Part 75 in addition to the requirements in 2 CFR Part 200.

All of the requirements outlined in these policies and procedures apply to both *direct* grants and *state-administered* grants.

The federal provisions contained and referenced in this document apply to all non-federal entities receiving and expending federal funds. A “non-federal entity” as defined in 2 CFR Part 200 means, “a state, local government, Indian tribe, institution of higher education (IHE), or nonprofit organization that carries out a federal award as a recipient or subrecipient.” Thus, for the purposes of these federal grant policies and procedures, a “non-federal entity” means a school district, open-enrollment charter school, or regional education service center (ESC).

### Education Department General Administrative Regulations (EDGAR)

The USDE adopts the uniform grant guidance in 2 CFR Part 200 as its regulations in 2 CFR Part 3474 (with two minor exceptions), which gives regulatory effect to the Office of Management and Budget (OMB) guidance in 2 CFR Part 200. Therefore, as of December 26, 2014, EDGAR now consists of:

EDGAR	Applicability
<a href="#">34 CFR Part 75 – Direct Grant Programs</a>	Applies to grants awarded directly to the District by the USDE or by another federal awarding agency; also applies to subgrants awarded by TEA for a competitive grant that TEA applied for and received
<a href="#">34 CFR Part 76 – State-Administered Programs</a>	Applies to all formula grants administered by TEA and to all grants allocated to TEA based on a formula
<a href="#">34 CFR Part 77– Definitions that Apply to Department Regulations</a>	Applies to all federal education grants
<a href="#">34 CFR Part 81 – General Education Provisions Act (GEPA) – Enforcement</a>	Applies to all federal education grants
<a href="#">34 CFR Part 82 – New Restrictions on Lobbying</a>	All federal grants (government-wide)

<a href="#">34 CFR Part 84 – Government-wide Requirements for Drug-Free Workplace</a>	Applies to all entities that receive grants directly from the USDE or from any other federal agency. It does not apply to LEAs that only receive funds through TEA or another pass-through agency.
<a href="#">34 CFR Part 86 – Drug and Alcohol Abuse Prevention</a>	Applies to IHEs (i.e., colleges and universities) receiving federal funds directly from the USDE or any other federal agency
<a href="#">34 CFR Part 97 – Protection of Human Subjects</a>	Applies to all research involving human subjects conducted, supported, or otherwise subject to regulation by the USDE or any other federal department or agency that makes it applicable. There are exemptions for certain educational activities.
<a href="#">34 CFR Part 98 – Student Rights in Research, Experimental Programs, and Testing</a>	Applies to all federal education grants unless specifically exempted in the regulations
<a href="#">34 CFR Part 99 – Family Educational Rights and Privacy</a>	Applies to all entities receiving federal education funds
<a href="#">2 CFR Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards</a>	Applies to all new federal grants awarded as of December 26, 2014
<a href="#">2 CFR Part 3474 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (adopts 2 CFR Part 200 in its entirety with two minor exceptions)</a>	Applies to all federal education grants awarded as of December 26, 2014
<a href="#">2 CFR Part 3485 – Nonprocurement Debarment and Suspension</a>	Applies to all entities that receive federal grants, subgrants, and subcontracts (government-wide)

34 CFR Part 74, which previously applied to IHEs and non-profit organizations, was removed from EDGAR. 34 CFR Part 80, which previously applied to state and local governments (including school districts, open-enrollment charter schools, and ESCs), was also removed in the new EDGAR but is reserved for future use. The uniform grant requirements that were previously in 34 CFR Parts 74 and 80 are now outlined in 2 CFR Part 200.

For grants that were awarded prior to December 26, 2014, the regulations in [34 CFR Parts 74 and 80](#) still apply. Grantees must maintain access to those parts as long as those grants are in effect and for five years after the ending date of the grant.

The following table provides the regulations that were in effect *prior to* December 26, 2014, and the regulations that are in effect *on or after* December 26, 2014.

<b>Applicable to Grants Awarded <u>Prior to</u> December 26, 2014</b>	<b>Applicable to Grants Awarded <u>On or After</u> December 26, 2014</b>
34 CFR Part 74 (OMB Circular A-110) and 34 CFR Part 80 (OMB Circular A-102)	2 CFR Part 200, Subparts B, C, and D
OMB Circulars A-21, A-87, and A-122 (Federal cost principles)	2 CFR Part 200, Subpart E
OMB Circular A-133, Audits	2 CFR Part 200, Subpart F
34 CFR Parts 75 - 99	34 CFR Parts 75-79 and 81-99

### Roles and Responsibilities – Duncanville ISD

<b>Duties</b>	<b>Staff Responsible</b>
Grant Manager* for Special Education Grant	Director of Special Education
Grant Manager* for Title I, Part C Carl D. Perkins Career and Technical Education Grant	Director for Career and Technology
Grant Manager* for NCLB Consolidated Federal Grant and Title I, 1003(a) Priority and Focus School Grant	Director of State & Federal Programs
Review CIPs and DIP for compliance	Chief of Schools/Directors of Schools/Grant Managers*/CTE Coordinator/Principals
Conduct comprehensive needs assessment for District	Special Assistant to Superintendent
Develop plan from assessment, identified needs and prepare budget, staffing and program descriptions	Chief of Schools/Directors of Schools/ Grant Managers*/Principals/Assistant Superintendent of Human Resources
Compliance reporting	Director of Accounting/Grant Managers*
Training on budgeting, budget amendments, coding, time and effort, purchasing, credit cards, split-funded salary allocations, contract monitoring (including debarred vendors), travel reimbursements and other employee reimbursements, and selected unallowable costs	Director of Accounting / Grant Managers*/ Payroll-Personnel Coordinator
Approval of all purchases to ensure compliance with grant requirements, coding, allowability of costs, competitive procurement, correct pricing on bids and proposals, eligible vendors (not on debarred list) and alignment with identified needs, CIPs and DIPs	Director of Accounting/ Director of Accounting/ Grant Managers*/Director of Purchasing & Warehouse/Principals
Periodic reporting (cash draw downs)	Director of Accounting

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Quarterly reporting	Director of Accounting
Budget reporting to budget managers, campuses, and central administration	Director of Accounting/Principals
Reconciliation of accounting records with expenditure reports to grantor agencies	Director of Accounting
Annual review of code of ethics (34CFR Section 80.36), policies and administrative procedures for all of the above listed duties and responsibilities	Director of Accounting/Assistant Superintendent of Human Resources / Payroll-Personnel Coordinator
Ensure effective and cost efficient practices for ordering, inventorying and maintaining technology equipment.	Chief Technology Officer and Director of Technology

# I. Federal Grant Application Process

## TEA Grants

The majority of federal grants the District applies for and receives are *formula* grants administered by TEA (i.e., state-administered grants). The District may also apply for and receive *discretionary* grants from TEA or directly from the USDE or another federal awarding agency. The policies and procedures outlined in this document apply to all federal formula and discretionary grants, regardless of the awarding agency. Federal agencies that award direct grants may impose requirements or conditions that are not addressed herein and that may result in the need to create additional policies and/or procedures to comply with those requirements.

Refer to TEA's [Grant Process](#) for a description of their process for administering state and federal formula and discretionary grants. Also refer to TEA's description of [Applying for a Grant](#) for information on allocations, notices of grant funding opportunities, and the competitive review process.

### *Request for Application (RFA)*

TEA publishes a *Request for Application (RFA)* for each grant (formula and discretionary) and posts all grants on the [TEA Grant Opportunities](#) page. Some grants are available only in eGrants, while others are available only in paper. Applicants for eGrants must be approved for access to [TEA Secure Applications \(TEASE\)](#) before applying for an eGrant. Each District staff member who wishes to access the application must ensure they are approved for access to eGrants in sufficient time to allow timely access to the electronic application.

The process an applicant must follow to apply for funds is different for eGrants than for paper applications. Applicants can find detailed information about individual grants by selecting a grant from the **Application Name** dropdown list on the [TEA Grant Opportunities](#) page. For each individual grant available, the following information is displayed:

- **Program Information:** Briefly describes the program purpose and lists eligible applicants and eligibility criteria
- **Eligibility:** Describes organizations that are eligible to apply for the grant
- **Statutory Authority:** Cites the legislation that authorizes the grant
- **Funding Information:** Provides the start and ending date of the grant, whether it is state or federal, and the total amount that will be awarded
- **Application and Support Information:** Lists links to components of the Request for Application (RFA) such as the General and Fiscal Guidelines, Program Guidelines, Application, and any other pertinent grant materials, such as the announcement letter and any issued errata notices
- **Critical Events:** Lists all deadlines associated with the grant, including the application due date, amendment due date, and fiscal and programmatic reporting due dates

- **Contact Information:** Lists the TEA program and fiscal contacts. The TEA Program Contact can provide information about eligibility, program purpose or description, or allowable uses of funds. The TEA Funding Contact can answer questions about the grant application, including allocation and amendment questions.

Each RFA published by TEA includes the [General and Fiscal Guidelines](#) that apply to all federal and state grants, the *Program Guidelines* (that apply to a specific grant program), and the [General Provisions and Assurances](#) that apply to all grants administered by TEA. District employees who manage the program or fiscal aspects of any TEA grant should consult the *General and Fiscal Guidelines* regularly and frequently, as they may change or be updated periodically.

All employees who deal with federal grants must also carefully review and be familiar with all [Provisions and Assurances](#), as applicable:

- *General Provisions and Assurances:* Required for every TEA grant agreement
- *Debarment and Suspension:* Required for all federal grants, regardless of dollar amount
- *Lobbying Certification:* Required for all federal grants greater than \$100,000
- *No Child Left Behind Act of 2001:* Required for all programs funded under the Elementary and Secondary Education Act of 1965, as amended by Public Law 107-110, No Child Left Behind Act of 2001

The RFA also includes the grant application (i.e., Standard Application System, or SAS) and the instructions for completing the SAS schedules (i.e., forms). Program managers preparing grant applications should carefully review all contents of the RFA package *prior to planning and developing a grant application* to ensure all requirements are met and the application is completed correctly. Some applications require advance coordination among district staff and/or among other entities such as local businesses, community organizations, or institutions of higher education (IHEs, i.e., colleges and universities).

#### *Submitting Complete Applications on Time*

It is equally important that federal grant applications be prepared and submitted *on time*. For formula grants administered by TEA that usually begin July 1, the District cannot obligate funds and begin grant activities until the District submits the application to TEA in *substantially approvable form*. In order to prevent unnecessary delays in program implementation and the provision of services to students, it is the policy of the District that all formula grant applications will be submitted as soon as possible but no later than July 1 unless a later grant beginning date is published by TEA. TEA will process the applications in the order received.

For *competitive discretionary grants*, it is the policy of the District that those applications be submitted in sufficient time for TEA to *receive* the application by the established deadline date and time specified in the competitive RFA. Failure for TEA to *receive* the application by the specified deadline date and time will render the application ineligible for consideration for review and scoring and for funding. In addition, all required forms must be completed in accordance with the instructions in the RFA in order to be eligible

for consideration for funding. The program manager assigned to the grant is responsible for ensuring the application is completed accurately and submitted on time to TEA.

#### *Authorized Official*

The person signing/certifying the application must be an authorized official of the District (usually the Superintendent) who will represent the District in the event of a legal dispute. The Director of State and Federal Programs for NCLB and Priority/Focus School Improvement, Director of Special Education for IDEA and CTE Coordinator for Perkins, in their absence, are the authorized official for this District. The individuals shall be referred to as Grant Managers. By signing/certifying the application, the authorized official for each grant is certifying that he or she will comply with the terms and conditions of the grant, all applicable provisions and assurances, and the approved application. The signed/certified application submitted to TEA, and the NOGA issued by TEA, together constitute a legally binding contractual agreement between the District and TEA. Campus principals do not have the authority to submit a grant application.

District program staff, fiscal staff, and management are responsible for knowing all requirements and for complying with them. It is the policy of the District that the grant program described in the application is carried out in compliance with applicable statutes, regulations, rules, and guidelines, and in accordance with the approved application to achieve maximum efficiency and effectiveness with the goal of providing an integrated, coordinated delivery of services for students. Grant funds will be obligated, expended, and accounted for in an environment based on ethical principles and sound business practices.

The District program manager assigned to the grant program is responsible and held accountable for knowing the program requirements, fiscal requirements, and reporting requirements. In addition to the policies and procedures outlined in this manual, the program manager may be required to develop additional policies and procedures in order to comply with the specific requirements that may apply to a particular grant program. Any such additional policies and procedures must be used in conjunction with the policies and procedures outlined in this manual.

TEA monitors federal grants for compliance with fiscal and program requirements. In addition, the District's independent auditor is required to determine compliance with certain requirements during the annual independent audit. Failure to comply with applicable statutes, regulations, rules, and guidelines or to implement the grant program in accordance with the approved application could result in the District being identified as a high-risk grantee and having corrective actions or additional sanctions imposed by TEA or other awarding agency; the repayment of federal dollars as a result of monitoring or audit findings; or termination of the grant. Refer to TEA's [Corrective Actions Related to Federal Grants](#) for more information related to potential actions for noncompliance.

#### **Other Federal Grants**

The assigned program manager is responsible for monitoring grant opportunities that may be available from agencies other than TEA. Approval from the Grant Managers to pursue the grant opportunity must

be obtained in advance of completing and submitting the application. An authorized official of the District (as previously described) must sign/certify the application prior to submittal.

Opportunities for other federal grants passed through other state agencies might be published in the [Texas Register](#) in the "IN ADDITION" section. Opportunities for federal grants available directly from the USDE or from another federal awarding agency are published in [www.grants.gov](http://www.grants.gov).

## II. Financial Management System

### A. Overview

Federal regulations require grantees to use fiscal control and fund accounting procedures that insure proper disbursement of and accounting for federal funds (34 CFR 76.702 and 2 CFR 200.302). Implementing and maintaining a proper accounting system is a fiduciary responsibility associated with receiving a federal award. The acceptance of an award creates a legal duty on the part of the District to use the funds or property made available under the award in accordance with the terms and conditions of the grant. The approved grant application itself constitutes an accounting document in that it establishes the purpose and amount of the awarding agency's obligation to the grantee. In turn, it establishes a commitment by the District to perform and expend funds in accordance with the approved grant agreement and the applicable laws, regulations, rules, and guidelines. 2 CFR § 200.300(b)

The District maintains a proper financial management system in order to receive both direct and state-administered grants and to expend funds associated with a grant award. Certain fiscal controls and procedures are in place to ensure that all federal financial management system requirements are met. Failure by the District to meet a requirement may result in return of funds or termination of the award.

Financial management requirements for Texas school districts are established through a pyramid consisting of

- federal regulations
- *Texas Education Code* (TEC)
- *Texas Administrative Code* (TAC), Title 19
- TEA's *Financial Accountability System Resource Guide* (FASRG)

### ***Texas Law and Rule***

TEC, Section 44.007 requires the State Board of Education (SBOE) to establish a mandatory fiscal accounting system with which all school districts, ESCs, and open-enrollment charter schools in Texas must comply. TEC further requires each school district and open-enrollment charter school to adopt and

install a standard accounting system that conforms to generally accepted accounting principles (GAAP) and that meets the minimum requirements prescribed by the commissioner of education. It also requires these entities to maintain records of all revenues and expenditures.

[Title 19 of the Texas Administrative Code \(19 TAC\), Chapter 109](#), establishes the SBOE rule for school district budgeting, accounting, and financial reporting. The detailed requirements of the financial accounting system adopted by the SBOE are published in TEA's [FASRG \(Financial Accountability System Resource Guide\)](#), adopted and incorporated by reference as TEA's official rule.

FASRG currently consists of the following 11 modules:

- Module 1 – Financial Accounting & Reporting (FAR)
- Module 2 – Budgeting
- Module 3 – Purchasing
- Module 4 – Auditing
- Module 5 – Site-Based Decision Making
- Module 6 – Accountability
- Module 7 – Data Collection & Reporting
- Module 8 – Management
- Module 9 – State Compensatory Education
- Module 10 – Special Supplement – Charter Schools
- Module 11 – Special Supplement – Non-profit Charter School Chart of Accounts

#### B. Financial Management Standards

The federal standards for financial management systems are found at 2 CFR § 200.302. The mandatory accounting requirements established by TEA in the [Financial Accountability System Resource Guide \(FASRG\)](#) conform to these federal financial management standards. Therefore, in accordance with federal regulations, the District's financial management system, including records documenting compliance with federal statutes, regulations, and the terms and conditions of the award, is sufficient to permit:

- the preparation of reports required by general and program-specific terms and conditions; and
- the tracing of funds to a level of expenditures adequate to establish that funds have been used according to the federal statutes, regulations, and the terms and conditions of the federal award.

The District complies with the required federal standards for financial management systems by complying with the minimum budgeting, accounting, auditing, and reporting requirements established in TEA's [Financial Accounting and Reporting \(FAR\) Module 1](#) of the FASRG. Based on generally accepted accounting principles, FAR details a mandatory account code structure which all school districts, ESCs, and open-

enrollment charter schools must use in accounting for all funds received and expended, including state and local funds and federal grant funds.

FAR establishes uniformity in governmental accounting and specifies a *mandatory* account code structure consisting of a minimum of 15 digits, plus 5 digits used at local option (for a total of 20 possible digits). For each accounting transaction, the minimum 15-digit account code structure consists of a *fund code, function code, object code, organization code, fiscal year code, and program intent code*, each serving a different purpose in designating the use of funds, campus served, and student population served.

The mandatory account code structure begins with a 3-digit fund code, which designates the funding source, e.g., the general fund, food service fund, a specific grant (referred to as a *special revenue code*), etc. A different 3-digit fund code is provided for fiscal agents of a shared services arrangement (SSA).

Each accounting transaction recorded in the general ledger must begin with the 3-digit fund code (*net asset code* for nonprofit open-enrollment charter schools). For example, the 3-digit fund code for Title I, Part A is 211. The budget and all revenues and expenditures for Title I, Part A must be recorded in the accounting records using this specific fund code.

Additionally, 2 CFR § 76.760(b) authorizes grantees to use more than one program to support an activity if the grantee has an accounting system that permits the identification of costs paid for under each program. The fund accounting system in FAR accommodates this requirement.

### ***Identification of All Federal Awards***

The District identifies, in its accounts, all federal awards received and expended and the federal programs under which they were received. Federal program and award identification includes, as applicable, the Catalog of Federal Domestic Assistance (CFDA) title and number, federal award identification number and year, name of the federal agency, and, if applicable, name of the pass-through entity. Upon receipt of each grant award, the District obtains the required information from TEA's Notice of Grant Award (NOGA) or other awarding agency's Grant Award Notification (GAN) and enters the information in the general ledger using the assigned 3-digit fund code.

Program Grant Managers provide budget to Director of Accounting upon Grant award or amendment. The grant awards are then entered into the system by the Director of Accounting. Once the budgets have been created by the Director of Accounting, it is reviewed by the appropriate Director for accuracy.

### ***Financial Reporting***

Accountability is the paramount objective of financial reporting. Accurate, current, and complete disclosure of the financial results of each federal award or program is made in accordance with the financial reporting requirements set forth in 2 CFR § 200.327 - .328 and in EDGAR. The District collects and

reports financial information with the frequency required in the terms and conditions of the award and monitors its activities under federal awards to assure compliance with applicable federal requirements.

Monthly, reports are generated and reviewed for anomalies, inconsistencies, or errors, and the Program secretary is responsible for *generating* the reports and the Program director will *review* the reports. Reports are generated in Skyward using budgetary data mining.

### ***Accounting Records***

The District maintains records which adequately identify the source and application (i.e., use) of funds provided for federally-assisted activities. In accordance with federal regulations, these records contain information pertaining to grant or subgrant awards, authorizations, obligations, unobligated balances, assets, expenditures, income, and interest. All transactions are supported by source documentation (i.e., purchase orders/requisitions, invoices, receipts, travel vouchers, time-and-effort documentation and employee salary records, copies of checks, etc.).

The accounting system mandated in FAR conforms to generally accepted accounting principles (GAAP). The accounting structure is organized and operated on a fund basis and is organization-wide covering all funds. The District uses the 3-digit fund code specified in FAR for each grant received to identify the source of funds. The use of funds is identified by using the required function code, object code, organization code, program intent code, and fiscal year code specified in FAR.

The District uses a 20-digit account code structure provided in the FAR to record all revenues, encumbrances, and expenditures. The Chief Financial Officer ensures the District uses the minimum 15-digit account code structure to record all accounting transactions. Accounting entries are periodically reviewed for accuracy, including tracking a purchase through the entire process from start to finish. The Program Grant Manager, Director of Accounting and Director of Purchasing & Warehouse are responsible.

### ***Internal Controls***

Effective control and accountability must be established and maintained for all funds, real property (i.e., land and buildings), personal property, and other assets. The District must adequately safeguard all such property and must assure that it is used solely for authorized purposes.

Internal controls are tools (i.e., policies, procedures, best practices, and activities) to help program and financial managers achieve results and safeguard the integrity of their program. The District's internal controls are in compliance with guidance in the [Standards for Internal Control in the Federal Government](#) (the Green Book) issued by the Comptroller General of the United States and the [Internal Control Integrated Framework](#), issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and are designed to provide *effective and efficient operations* based on demonstration of the following principles:

- A commitment to integrity and ethical values
- Independent oversight over the development and performance of internal controls

- Clearly defined organizational structure, clear reporting lines, and appropriate authorities
- A commitment to attract, develop, and retain competent individuals, and
- Maintaining a level of competence that allows personnel to accomplish their assigned duties and holding individuals accountable

In accordance with 2 CFR § 200.61, “internal controls” means a process implemented by the District to provide reasonable assurance regarding the achievement of objectives in the following categories:

- (a) Effectiveness and efficiency of operations
- (b) Reliability of reporting for internal and external use, and
- (c) Compliance with applicable laws and regulations

“Internal control over compliance requirements for federal awards” means a process implemented by the District designed to provide reasonable assurance regarding the achievement of the following objectives for federal awards:

- Transactions are properly recorded and accounted for in order to
  - Permit the preparation of reliable financial statements and federal reports.
  - Maintain accountability over assets.
  - Demonstrate compliance with statutes, regulations, and the terms and conditions of the award.
- Transactions are executed in compliance with
  - laws, regulations, and the terms and conditions of the award that could have a direct and material effect on a federal program
  - any other statutes and regulations that are identified in the Audit Compliance Supplement
- Funds, property, and other assets are safeguarded against loss and from unauthorized use or disposition.

To accomplish these objectives, the District:

- Develops and maintains policies, procedures, and effective practices to ensure federal funds are properly administered and spent and federal property is safeguarded against loss and from unauthorized use or disposition. The District also ensures all employees who deal with federal funds are aware of the policies and procedures and are properly trained in the use of them. As regulations are mandated, Duncanville ISD participates in ongoing training from TEA and local education service centers. Policies and procedures are developed and maintained by Administration. Training is done for employees who deal with federal funds as needed by Program directors, Grant Managers, Director of Accounting and Director of Purchasing & Warehouse. Trainings are completed in multiple ways including but not limited to District Leadership Team meetings, Principal meetings, and Secretary Meetings.
- Ensures employees comply by regularly and frequently evaluating and monitoring their compliance with the policies and procedures, statutes, regulations, and the terms and conditions of the award.

- Administration takes prompt action when instances of noncompliance are identified, including noncompliance identified in audit findings, and taking the appropriate disciplinary action for employees who do not comply, and

Administration takes reasonable measures to safeguard protected personally identifiable information and other information designated as sensitive consistent with applicable federal, state, and local laws regarding privacy and obligations of confidentiality. PEIMS Manager restricts eGrant access to designated grantee officials. Student management system access is customized to personnel based on their need for access.

- The District uses the following, at least in part, to determine if internal controls are effective:
- Only valid or authorized transactions are processed.
- Transactions occurred during the grant period and were processed timely.
- No proper transactions were omitted from the accounting records.
- Transactions are calculated using an appropriate methodology.
- Transactions appear reasonable relative to other data.
- Property (including supplies and equipment) is tracked and used only for authorized purposes.
- Property is properly disposed of.

Annually, the external auditors test internal controls and determine if revisions are needed.

### ***Budget Control***

The budget for each federal award is recorded in the general ledger in accordance with FAR using the designated 3-digit fund code. Obligations/encumbrances and expenditures are also recorded in the general ledger for each federal award. On a regular basis, the District compares actual *expenditures* or outlays with *budgeted* amounts for each federal award. Director of Accounting enters the budget into the general ledger. Encumbrances/obligations and expenditures are entered into the general ledger by campus/department secretaries. Monthly, the Director of Accounting compares the budget for each grant to the expenditures.

If the budget exceeds any maximum allowable budget variation established by TEA or other awarding agency, the approving administrators, both on site and at Administration, have the ability to deny the requests.

### ***Cash Management***

The District maintains written procedures to implement the cash management requirements found in 2 CFR § 200.305 and in EDGAR.

Please see *II. Financial Management System, H. Federal Cash Management Policy/Procedures* of this document for these written cash management procedures.

### ***Allowable Costs***

The District maintains written procedures for determining *allowability* of costs in accordance with 2 CFR § 200.302(b)(7) and EDGAR.

Please see *II. Financial Management System, F. Expending Grant Funds* of this document for the written procedures for determining allowability of costs.

### C. Budgeting Grant Funds

#### **Budgeting - The Planning Phase: Meetings and Discussions**

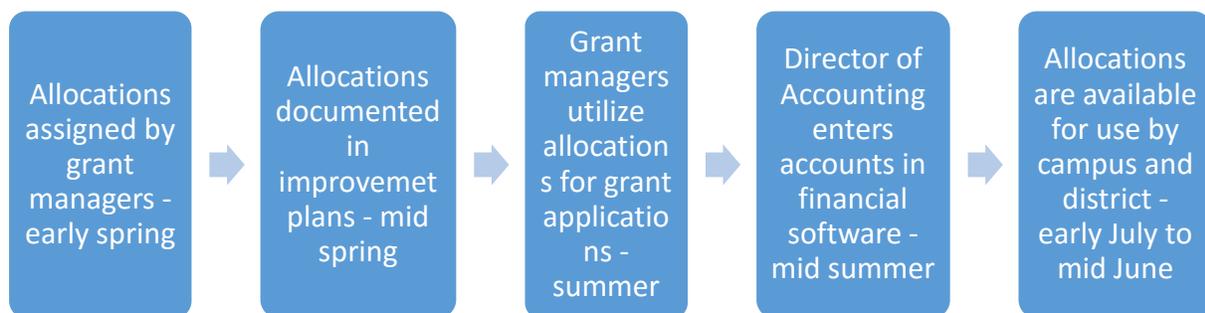
*Before Developing the Grant Budget and Submitting the Application:* The grant budget must be based on the proposed activities planned and described in the grant application. Prior to developing the budget, the program manager must know the intent of the federal program and the activities that are allowable to be conducted with grant funds. The program manager must coordinate with other District staff as appropriate to conduct the appropriate needs analysis using the appropriate data to determine the goals and objectives for the program and the activities that will be implemented to accomplish the goals and objectives. Once the goals, objectives, strategies, and activities are outlined, then the budget to carry out the identified strategies and activities should be developed.

Prior to completing the application, the program manager develops a detailed budget in a document (such as in an Excel spreadsheet) separate from the application. The program manager coordinates with the District's Business Office in preparing the budget to ensure budgeted items are categorized according to the proper class/object code. This detailed budget, which serves as the guide for expenditures and becomes part of the "working papers" maintained by the program manager, is used to complete the application. In most instances, particularly for formula grants, the budget entered into the grant application will not be as detailed. The detailed budget is to be modified or revised as necessary to accommodate changes, which may result in an amendment to the application prior to incurring certain expenditures.

If the grant program will be implemented on a Title I schoolwide campus, the planned activities and expenditures must be identified in the schoolwide plan. Conducting activities and expending funds that are not included in the schoolwide plan could result in an audit exception or monitoring finding for the District. Therefore, the program manager is responsible for coordinating with the Title I program director and for ensuring the activities and anticipated expenditures are described in the schoolwide plan.

In early spring, district and campus leadership receive training on how to conduct a comprehensive needs assessment. The needs assessment is a reflection of what the campus strengths and weakness are in eight areas: (1) demographics, (2) student achievement, (3) school culture and climate, (4) staff quality, recruitment and retention, (5) curriculum, instruction and assessment, (6) family and community involvement, (7) school context and organizational, and (8) technology. Data including staffing, existing resources, assessments, and family involvement to name a few are utilized. This information is recorded in our improvement plan program. The critical areas of need are reviewed and utilized to prioritize their federal budgets for the following school year. By mid-Spring, all campus personnel complete their Campus Improvement Plans in our improvement plan program. Before the beginning of the next school year, campus personnel meet with district leadership team to review their campus improvement plans and budget. Activities budgeted for out of federal funds are reviewed to determine if allowable, reasonable and necessary.

In early spring, each campus receives their allotment in federal funds. These amounts are determined by identifying a per pupil allotment based on previous years planning amount. Campuses allocate their budget based on findings identified in the Comprehensive Needs Assessment. Allocations are identified in their Campus Improvement Plans. District does that same for allocations coded to the district. These allocations are added to the federal budget spreadsheets to identify the expenditures and amounts in each object code. The information on the spreadsheet is used for the applications in accordance with grant purposes and objectives, program requirements, reporting requirements, and special conditions. Adjustments are made each time TEA adjusts funding amounts.



***Reviewing and Approving the Budget Prior to Submitting the Application:*** Each Grant Manager reviews the items in the proposed budget to ensure budgeted items are listed in the correct class/object code according to FAR and the District’s classification chart and to ensure the items are allowable. The budget is also reviewed to ensure that any costs requiring specific or prior approval are specifically identified and listed. See *II. Financial Management System, E. Expending*

*Grant Funds*, for a discussion on performing allowability determinations. If the Grant Manager determines that a cost is not allowable, then the Grant Manager contacts budget owner and Director of Accounting to make adjustments.

Once the Grant Manager determines that all budgeted items are allowable and are budgeted in the proper class/object code according to FAR, the budget is sent to the Director of Accounting for final review and approval. Generally, the budget receives final approval by the Grant Manager. The assigned program manager then enters the final approved budget into the appropriate budget schedules of the grant application.

### **Negotiating the Submitted Application**

Once the grant application is submitted to the awarding agency, the designated program contact, usually the Program or Project Director assigned to the grant program, is available via phone and/or e-mail in the event that the awarding agency needs to contact the District to negotiate the application or to ask questions or seek clarification related to the proposed program and/or budget. The assigned Program/Project Director will seek guidance, if needed, from appropriate District personnel and will respond to any inquiries from the awarding agency within 2 business days. A delay in contacting the awarding agency delays final approval of the grant application, which delays grant program implementation and providing services to intended beneficiaries of the grant.

### **After Receiving the Approved Application and NOGA/GAN**

Within 3 days of receiving the approved application and NOGA/GAN from the awarding agency, a complete copy of the application and NOGA/GAN will be provided to the Business/Accounting Office by Grant Managers.

All grant budgets are entered into the accounts of the District in the general ledger as approved in the application. Grant Managers provide allocations by account codes to the Director of Accounting who input budgets in financial software.

In addition, the following steps are taken to ensure the District is prepared to implement the grant on the beginning date of the grant to maximize the effectiveness of the grant. Each quarter, grant budgets are reviewed by Grant Managers to ensure funds are expended in a timely manner to maximize the benefits for the intended population. If funds are associate with staffing, Grant Managers review staffing allocations with the department of Human Resources to ensure positions are filled in a timely manner. Supervisors and district support personnel

provide training and monitoring to ensure personnel funded by federal grants are meeting the intended purpose and population.

### **Amending the Application**

The District consults and complies with the guidelines and procedures provided by TEA or other awarding agency as it pertains to when and how to submit an amendment to an approved application. TEA publishes its requirements for [when to amend the application](#) online. Specific deadlines for submitting amendments are published in the corresponding RFA and/or in the *Critical Events* calendar on the [TEA Grant Opportunities Page](#) for the specific grant program. Procedures are in place to ensure the District does not exceed any maximum allowable variation in the budget.

*Monitoring and Amending the Budget:* When transfers are requested, budgets are reviewed by each Grant Manager to ensure that each object code is within the allowable 25% variance. If budget changes are in accordance with grant requirements, spreadsheets are updated. If budget changes are above the 25% allowance, amendments are submitted. Each Grant Manager is responsible for amending applications when necessary. Grant budget spreadsheets are reviewed on a quarterly basis by each Grant Manager.

*Monitoring and Amending the Program Description:* When transfers are requested, Grant Managers review activities to ensure new items meet grant requirements. If activities are in accordance with the grant, transfers are approved in the system. If activities are not in accordance to approved grant, grant amendments are submitted. Each Grant Manager is responsible for amending applications when necessary. Grant activities are reviewed on a quarterly basis by each Grant Manager.

## **D. Timely Obligation of Funds**

### **When Obligations are Made**

“Obligations” are defined as *orders placed for property and services, contracts and subawards made, and similar transactions during a given period that require payment by the non-Federal entity during the same or a future period.* (This does *not* mean obligations for which goods and services will be delivered in a future *grant* period.) Essentially, an obligation is a *commitment to pay*.

All obligations for all goods and services must occur during the grant period (i.e., between the beginning and ending dates as stated on the NOGA), and those goods and services must be delivered during the grant period in sufficient time to provide substantial benefit to the grant to be considered *necessary* to carry out the objectives of the grant. 34 CFR § 200.71

Per TEA's [General and Fiscal Guidelines](#), in some instances, goods or services delivered near the end of the grant period may be viewed by TEA as not necessary to accomplish the objectives of the current grant program. TEA will evaluate such expenditures on a case-by-case basis. Please note that a TEA monitor or an auditor may disallow those expenditures if the District is unable to (1) document the need for the expenditures, (2) demonstrate that program beneficiaries receive benefit from the late expenditures, or (3) negate the appearance of "stockpiling" supplies or equipment.

The following table illustrates when funds are determined to be *obligated* under federal regulations:

<b>If the obligation is for:</b>	<b>The obligation is made:</b>
Acquisition of property	On the date which the District makes a binding written commitment to acquire the property
Personal services by an employee of the District	When the services are performed
Personal services by a contractor who is not an employee of the District	On the date 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 is taken
Rental of property	When the District uses the property
A pre-agreement cost that was properly approved by TEA prior to the obligation	On the first day of the grant project period.

34 CFR § 75.707; 34 CFR § 76.707.

In addition, TEA's FAR requires *encumbrance* accounting. The amount *committed (or obligated)* must also be known to avoid over-expenditure of budgeted funds. An *encumbrance* accounting system is a method of ascertaining the availability of funds and then reserving funds to cover outstanding obligations.

Encumbrances represent commitments (i.e., obligations) related to contracts not yet performed (executor contracts), and are used to control expenditures for the year and to enhance cash management. A school district often issues purchase orders or signs contracts for the purchase of goods and services to be received during the grant period. At the time these commitments or obligations are made, which in its simplest form means that when a purchase order is prepared, the appropriate account is checked for available funds. If an adequate balance exists, the amount of the order is immediately charged to the account to reduce the available balance for control purposes. The encumbrance account does not represent expenditures for the period, only a commitment to expend resources.

### **Period of Availability of Federal Funds**

All obligations must occur on or between the beginning and ending dates of the grant project. 34 CFR § 76.707. This period of time is known as the *period of availability*. The *period of availability*, or the period between the beginning and ending dates of the grant, are dictated by statute and will be indicated on TEA's NOGA or other awarding agency's GAN. Further, certain grants have specific requirements for carryover funds that must be adhered to.

*TEA Grants:* As a general rule, federal funds administered by TEA are available for obligation within the fiscal year for which Congress appropriated the funds. However, given the unique nature of educational institutions, for many formula education grants, pursuant to provisions in the *General Education Provisions Act (GEPA)*, the *period of availability* is 27 months. This consists of an initial grant period of 15 months (i.e., July 1 – September 30 of the following year), plus a 12-month carryover period authorized by the “Tydings Amendment.” 34 CFR § 76.709. For example, funds awarded on July 1, 2015, would remain available for obligation by TEA through September 30, 2017.

July – September (Forward Funding)	3 months
October – September (Federal fiscal year)	12 months
October – September (carryover period; Tydings Amendment)	<u>12 months</u>
	27 months

Federal education formula grant funds are typically awarded on July 1 of each year. While funds not obligated during the initial 15-month grant period remain available as carryover in the subsequent 12-month period, the District will always plan to spend to the best of its ability all current grant funds within the year for which the funds were initially appropriated. Per TEA, excess carryover and lapsing of funds may be an indicator in TEA’s risk assessment process.

TEA calculates and manages the carryover process each year after final expenditure reports from the prior year are processed. Any carryover funds from the prior year are added to the application and NOGA for the subsequent year. Carryover funds must be used in accordance with the federal statute and regulations in effect for the carryover period and with any approved state plan or application. 34 CFR 76.710

*Direct Grants:* In general, the *period of availability* for funds authorized under *direct* grants is identified in the GAN.

### **Liquidation of Obligations**

The District must *liquidate* (i.e., make the final payment because the goods or services were received during the grant period, or *cancel* the obligation because the goods or services were *not* received during the grant period) all obligations incurred under the award in accordance with the requirements of TEA or other awarding agency. For TEA formula grants, this is usually within 30 calendar days after the ending date of the formula grant to coincide with submittal of the final expenditure report to TEA. For *direct* grants from the Department of Education, this may be not later than 90 days after the end of the funding period unless an extension is authorized. 2 CFR § 200.343(b).

Any funds not obligated within the period of availability or not liquidated within the appropriate timeframe are said to *lapse* and must be returned to the awarding agency. 2 CFR § 200.343(d). Lapsing of funds is usually considered by TEA to be an indicator of poor planning and may cause the District to be

identified as high risk. Consequently, the District closely monitors grant spending throughout the grant cycle.

Director of Accounting will ensure all expenditures are received by the end of the grant period and funds are liquidated within 30 days.

### **Carryover**

*TEA Grants:* As previously described, the Tydings Amendment typically extends the period of availability for formula grants for an additional 12 months. Accordingly, the District may have multiple years of grant funds available under the same program at the same time.

Usually, TEA *discretionary* grants do not have a carryover period, as any unobligated and unexpended funds are carried over at the *state* level and are used to issue NOGAs for the subsequent funding period. TEA discretionary grantees must request to extend the ending date of the project/NOGA directly from TEA if such an extension is allowable pursuant to the guidelines related to a particular grant.

*Direct Grants:* Grantees receiving direct grants are not covered by the 12-month Tydings period. However, under 2 CFR § 200.308, direct grantees enjoy unique authority to expand the period of availability of federal funds. The District is authorized to extend a direct grant automatically for one 12-month period. Prior approval is not required in these circumstances; however, in order to obtain this extension, the District must provide written notice to the federal awarding agency at least 10 calendar days before the end of the period of performance specified in the award. This one-time extension may not be exercised merely for the purpose of using unobligated balances.

The District will seek written prior approval from the federal agency when the extension will not be contrary to federal statute, regulation or grant conditions and when:

- The terms and conditions of the Federal award prohibit the extension;
- The extension requires additional Federal funds; or
- The extension involves any change in the approved objectives or scope of the project.  
2 CFR § 200.308(d)(2)

Grant managers for each direct grant will follow all requirements and procedures to request an extension. Grant managers will worked the finance department to secure an extension for each direct grant when necessary. Grant manager is responsible for writing all notices and include reasons for extension, revised period of performance and timeframe for obligating funds.

## **E. Accounting Records**

The Business Office is responsible for maintaining the official accounting records of the District. All grant budgets are entered into the accounts of the District in the general ledger. Funds are accounted for and

records are kept in accordance with the requirements in TEA's FAR. The chart of accounts provided in FAR provides the framework for the accounting system, and the District uses the accounting terminology specified in FAR and generally accepted accounting principles (GAAP).

One-time and recurring journal entries are made by the Business office. The Director of Accounting is responsible for reviewing accounting entries for accuracy and appropriate classification.

The Business Office maintains (on paper or electronically) original source documentation to support all expenditures recorded in the general ledger. Source documentation may include but is not limited to purchase orders/requisitions, invoices, itemized receipts, travel authorizations and travel vouchers, contracts, proof of delivery, copies of checks, bank statements, etc.

Each transaction is supported with original source documentation and is filed within the Business office. Business office staff will be responsible for maintaining these records. When there is no original source documentation or when it is illegible, business office staff will request appropriate documentation.

If electronic source documentation is maintained, the District ensures the documentation is easily retrievable and is readable in accordance with the requirements in 2 CFR § 200.335. Refer to *Section VII. Record Keeping* of this manual for more information about these requirements.

Business office reviews electronic documentation to ensure it is readable and retrievable and to substitute paper documentation where it is unreadable or irretrievable.

#### **Documentation Associated With Using District Credit Cards/Pro-Cards**

The District does not provide credit cards/pro-cards to Federal grant staff.

### **F. Expending Grant Funds**

All costs charged to a federal grant are classified as either *direct* or *indirect*. While developing and reviewing the grant budget and when expending grant funds, program and fiscal staff should keep in mind the difference between *direct* costs and *indirect* costs as defined in the federal cost principles. All costs must be properly and consistently identified as either *direct* or *indirect* in the accounting system.

#### **Direct and Indirect Costs**

##### *Determining Whether a Cost is Direct or Indirect*

*Direct* costs are those costs that can be identified specifically with a particular final *cost objective*, such as a federal award, or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy. 2 CFR § 200.413(a).

*Indirect* costs are those that have been incurred for a common or joint purpose benefitting more than one *cost objective*, and not readily assignable to the *cost objectives* specifically benefitted, without effort disproportionate to the results achieved. 2 CFR § 200.56. Costs incurred for the same purpose in like circumstances must be treated consistently as either *direct* costs or *indirect* costs. 2 CFR § 200.413(a). Indirect costs usually support areas that benefit all activities of the District, such as Accounting, Budget, Human Resources, Purchasing, Building Maintenance, etc.

*Cost Objective*: A *cost objective* is a program, function, activity, award, organizational subdivision, contract, or work unit. A cost objective may be a major function of the District, a particular service or project, a federal award, or an indirect cost activity.

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* of federal awards. Typical costs charged *directly* to a federal award are the compensation of employees who conduct program activities for that award, their related fringe benefit costs, and the costs of materials and other items of expense incurred to carry out the objectives of the federal award. 2 CFR § 200.413(b).

The salaries of *administrative and clerical staff* should normally be treated as *indirect costs*. 2 CFR § 200.413(c). *Direct* charging of these costs may be appropriate only if *all* of the following conditions are met:

- Administrative or clerical services are integral to a project or activity.
- Individuals involved can be specifically identified with the project or activity.
- Such costs are explicitly included in the budget or have the prior written approval of TEA or other awarding agency.
- The costs are not also recovered as *indirect costs*.

### **Indirect Cost Rate**

Pursuant to 34 CFR §§ 75.561 and 76.561, TEA, as the cognizant agency, approves federal indirect cost rates for school districts, ESCs, and open-enrollment charter schools in Texas. The rates are calculated using costs specified in the District's indirect cost plan/proposal submitted to TEA and is effective July 1 through June 30 of each year.

Two indirect cost rates are approved by TEA and are used by the District. The *restricted* rate is used for federal grants containing the *supplement, not supplant* requirement (34 CFR §§ 76.563 and .564). The *unrestricted* rate may be used for federal grants that do *not* contain the supplement, not supplant requirement. The Business office is responsible for extracting the required information to be included in the indirect cost rate/proposal and submitting it to TEA. The regulations permit a state educational agency to approve an indirect cost rate for longer than one year. TEA has approved the district's indirect cost rate for four years.

*Applying the Indirect Cost Rate:* The District must have a current, approved federal indirect cost rate to charge indirect costs to a federal grant. Once the District has an approved indirect cost rate, the percentage is multiplied against the *actual* direct costs (excluding distorting items specified by TEA or other awarding agency, such as the portion of each contract in excess of \$25,000, subgrants, capital outlay, debt service, etc.) incurred under a particular grant to produce the dollar amount of indirect costs allowable to that award. 34 CFR § 75.564; 34 CFR § 76.569. Once the District applies the approved rate, the funds that may be claimed for indirect costs have no federal accountability and may be used as if they were non-federal funds. For *Direct Grants*, reimbursement of indirect costs is subject to the availability of funds and statutory or administrative restrictions. 34 CFR § 75.564.

Indirect costs are part of *administrative* costs (vs. *program* costs). Where a federal program has a specific cap on the percentage of *administrative* costs that may be charged to a grant, that cap must include all *direct administrative* charges as well as any recovered *indirect* charges. If *administrative* costs are limited to 5%, for example, the total *direct* administrative costs plus *indirect* costs claimed for the grant cannot exceed 5%.

Indirect costs are budgeted in the grant application in the corresponding line item. Although the maximum allowable indirect costs may be budgeted in the application, indirect costs can only be *charged* to the grant based on *actual* expenditures of *direct* costs. Therefore, if the District does not expend all of its funds during the grant period, the *maximum* amount of indirect costs budgeted based on the total grant award cannot be charged to the grant. Prior to finalizing expenditures for the grant and submitting the final expenditure report to TEA or other awarding agency, the District adjusts the final amount charged to indirect costs based on the *actual* expenditures.

The adjustment to the indirect cost rate occurs at grant year-end by the Director of Accounting.

### **Determining Allowability of Costs**

Grantees are required to have written procedures for determining the *allowability* of costs charged to federal grants. 2 CFR § 200.302(b)(7). All costs must be allowable under the federal cost principles in 2 CFR Part 200, Subpart E, and under the terms and conditions of the specific federal award.

Expenditures must be aligned with budgeted items in the approved grant application. Certain changes or variations from the approved budget and grant application need prior approval from TEA or other awarding agency. Refer to TEA's guidelines on [When to Submit an Amendment](#) (under *Amendment Submission Guidance*) to determine when an amendment to the budget is required for TEA grants.

When determining how the District will spend grant funds, each Grant Manager will review the proposed cost to determine whether it is an allowable use of federal grant funds *before* obligating and spending those funds on the proposed goods or services. All expenditures made with federal education funds must meet the standards outlined in EDGAR, 2 CFR Part 3474, and 2 CFR Part 200. The assigned program manager and fiscal staff must consider the following factors when making an allowability determination.

## Factors Affecting Allowability of Costs

In general, District staff must consider the following elements when determining the allowability of a cost. In accordance with the federal cost principles, all costs budgeted and charged to a federal grant must be:

✓ ***Necessary and Reasonable for the performance of the federal award.***

*Reasonable Costs:* 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. "Reasonable" means that sound business practices were followed, and purchases were comparable to current market prices.

A cost can be *reasonable* if it meets *all* of the following conditions:

- Prudence was used in making the decision to incur the cost, considering the person's responsibilities to the District, its employees, the public, and the federal government.
- It is necessary to carry out the objectives of the grant program or is recognized as an ordinary cost to operate the organization.
- The District applied sound business practices; arm's-length bargaining (i.e., the transaction was with an unrelated third party); federal, state, and other laws and regulations; and the terms and conditions of the award in making the decision.
- The price is comparable to that of the current fair market value for equivalent goods or services.
- There were no significant deviations from the established practices of the organization which may unjustifiably increase the cost. 2 CFR § 200.404

*Necessary Costs:* While 2 CFR § 200.404 does not provide specific descriptions of what satisfies the "necessary" element beyond its inclusion in the reasonableness analysis above, *necessary* is determined based on the needs of the program. Specifically, the expenditure must be necessary to achieve an important program objective. It means it is vital or required in order to meet the objectives of the grant or for the grant to be successful. *Necessary* does *not* mean "nice to have," which means it is *not necessary* to accomplish the objectives of the program in that it is not vital or required for the success of the program.

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 district may deem a language skills software program necessary for a limited English proficiency program.

When determining whether a cost is *necessary*, the District considers:

- Whether the cost is needed for the proper and efficient performance of the grant 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; and
  - Whether the cost addresses program goals and objectives and is based on program data.
- ✓ **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 benefits received*. This means that the federal grant program derived a benefit in proportion to the funds charged to the program. 2 CFR § 200.405. For example, if 50% of a supplementary teacher’s salary is paid with grant funds, then that teacher must spend at least 50% of his or her time on the grant program. Additionally, if equipment or supplies purchased with grant funds benefits more than one grant program, the purchase must be “split-funded” among the grant programs receiving benefit. The District must be able to demonstrate how a particular cost benefits the specific population being served in the grant. This is an area of frequent audit exceptions.
- ✓ **Consistent with policies and procedures** that apply uniformly to both federally-financed and other activities of the District. For example, personnel whose travel is paid with federal funds is reimbursed at the same rates as personnel whose travel is paid with state or local funds, and the grant is charged accordingly.
- ✓ **Conform to any limitations or exclusions set forth as cost principles** in 2 CFR Part 200, Subpart E, or in the terms and conditions of the federal award.
- ✓ **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.
- ✓ **Adequately documented.** All expenditures must be properly documented with original source documentation that is clearly written and maintained on file (either electronically or on paper) with accounting records. Documentation includes purchase orders/requisitions, invoices, receipts, verification of receipt of goods and services, travel authorizations and vouchers, contracts, time-and-effort records, copies of checks, bank statements, etc. Expenditures that are not supported by source documentation cannot be charged to the grant.
- ✓ **Determined in accordance with generally accepted accounting principles (GAAP), unless provided otherwise in 2 CFR Part 200.**
- ✓ **Not included as a match or cost-share of another federal program,** unless the specific federal program authorizes federal costs to be treated as such. Some federal program statutes require the grantee to contribute a certain amount of non-federal resources to be eligible for the federal program.

- ✓ **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, such as credits. To the extent that such credits accruing to or received by the District 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 § 200.406.

*Treatment of miles, points, or awards accrued for travel:* Any miles, points, credits, or awards accrued or earned for employee travel using a *district-issued* credit card (where the credit card bill is paid directly by the District) are the property of the District and will be used for employees travelling on behalf of the District to reduce the overall cost to the District. Any such miles, points, credits, or awards accrued will not be used for personal travel.

2 CFR Part 200’s cost guidelines must be considered when federal grant funds are expended. Federal rules require state- and District-level requirements and policies regarding expenditures to be followed as well. For example, state and/or District policies relating to travel or equipment may be narrower or more restrictive than the federal rules. In this case, the stricter State and/or District policies must be followed.

### **Requesting Prior Written Approval**

Some costs discussed in the following sections and in the instructions to completing the grant application require *prior written approval* from the awarding agency. For TEA grants, prior written approval must be requested in accordance with TEA’s process. The District must submit the request in writing to the TEA Chief Grants Administrator. The Chief Grants Administrator may request additional information, as applicable, and may meet or consult with applicable TEA staff prior to responding to the District in writing.

In addition, for certain costs that it may be difficult to determine reasonableness or allocability, the District may seek *prior written approval* for “special or unusual costs” not identified in the regulations in advance of the incurrence of such costs. This may prevent future disallowance or dispute based on “unreasonableness” or “non-allocability.” Prior written approval should include the timeframe or scope of the agreement. 2 CFR § 200.407

Grant Managers will determine if and when the District should seek prior written approval for a certain cost prior to incurring the cost. Federal grant funds will not be expended for any costs that require prior written approval in accordance with 2 CFR 200, Subpart E, or the grant application instructions, if such prior written approval was not properly secured.

### **Selected Items of Cost – 2 CFR Part 200, Subpart E**

2 CFR Part 200, Subpart E, examines the allowability of 55 specific cost items (commonly referred to as *Selected Items of Cost*) at 2 CFR §§ 200.420 -.475. These cost items are listed in the chart below along with the citation where it is discussed. Please do not assume that an item is allowable because it is specifically listed, as it may be *unallowable* despite its inclusion in the selected items of cost section, or it may be allowable only under certain conditions, including prior written approval.

The expenditure may be *unallowable* for a number of reasons, including: the express language of the regulation states the item is unallowable; the terms and conditions of the grant deem the item unallowable; or State/local restrictions dictate that the item is unallowable or allowable only under certain conditions or circumstances. The item may also be unallowable because it does not meet one of the factors affecting allowability of costs, such as being reasonable because it is considered too expensive. If an item is unallowable for any of these reasons, the District does not use federal funds to purchase it.

The selected items of cost addressed in *2 CFR Part 200, Subpart E* include the following (in alphabetical order):

<b>Item of Cost</b>	<b>Citation of Allowability Rule</b>
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	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 ( <i>TEA restricts to actual costs, not per diem</i> )	2 CFR § 200.474
Trustees	2 CFR § 200.475

Likewise, it is possible for the State and/or District to put additional requirements on a specific item of cost. Under such circumstances, the stricter requirements must be met for a cost to be allowable. Accordingly, employees consult federal, State and District requirements when spending federal funds. For example, the travel rules for grants administered by TEA are more restrictive than the federal cost principles allow, which means TEA's policies must be followed.

### *Other Considerations for Allowability*

In order for a cost to be allowable, the expenditure must also be allowable under the applicable *federal program statute* (e.g., Title I of the Elementary and Secondary Education Act [ESEA], or the Carl D. Perkins Career and Technical Education Act [Perkins]), along with accompanying *program regulations, non-regulatory guidance, and grant award notifications*.

Most federal programs also contain the *supplement, not supplant* requirements. In general, this means that the District cannot use federal grant funds to pay for a cost or activity that is usually supported by state or local funds. See *Section X. Programmatic Fiscal Requirements, A.. Supplement, Not Supplant*, of this manual for more information about this requirement.

In summary, for a cost to be allowable under a federal grant program, the District ensures it meets *all* of the following conditions. A cost that does not meet all of these conditions could be questioned during an audit or monitoring visit and could require repayment to the awarding agency. The cost must be:

- ✓ *reasonable* in cost (as described above)
- ✓ *necessary* to accomplish the objectives of the grant program (as described above)
- ✓ based on an identified need, concern, or area of weakness within the grant program
- ✓ appropriate under the authorizing program statute
- ✓ consistent with the underlying needs of the program in that it benefits the intended population of students or teachers for which the funds are appropriated
- ✓ *allocable* to the grant based on the relative benefits received (as described above)
- ✓ authorized or not prohibited under state or local laws or regulations
- ✓ consistent with policies, regulations, and procedures that apply to all activities, including other grants and state and local activities
- ✓ treated consistently as either a *direct* cost or as an *indirect* cost
- ✓ determined in accordance with GAAP
- ✓ not used to meet cost sharing or matching requirements of another federal grant (unless specifically permitted in the other program statute or regulations)
- ✓ consistent with the terms and conditions of the grant award
- ✓ budgeted in the approved grant application
- ✓ adequately documented with appropriate supporting original source documentation
- ✓ the net of any applicable credits such as rebates or discounts
- ✓ allowable under the federal cost principles
- ✓ in most cases, supplemental to the core foundation program of the school and to other activities normally conducted by the school (i.e., supplement, not supplant)

- ✓ if the school is a Title I schoolwide program, the grant program's activities and applicable costs must be included in the schoolwide plan, the school must have conducted a comprehensive needs assessment, and the plan must contain the required components specified in statute (see Title I, Part A, §11114[b]).

District personnel responsible for spending federal grant funds and for determining allowability must be familiar with the Part 200 selected items of cost section. District employees are required to follow these rules when charging these specific expenditures to a federal grant. In addition to checking the selected items of cost in Part 200, District staff must check costs against TEA's [Guidelines Related to Specific Costs](#), the *Request for Application* (RFA), local district policy, and any grant program restrictions to ensure the cost is allowable.

Campus and district personnel request use of federal funds by submitting requisitions online in district financial software. When request are entered, each Grant Manager reviews before approving. The review process includes first identifying that the request is written in the campus or district improvement plan and supported by the comprehensive needs assessment. Each request with federal funds should include the EDGAR quote that documents at least two quotes for similar products. If the request is not for the least expensive, the requestor must document and sign attesting to why it is necessary to obligate federal funds for the requested item(s). Requests are compared to activities written in the grant and are in accordance to grant benefits.

### **Costs That Require Special Attention**

In addition to the aforementioned, certain types of costs may be allowable under federal law but may not be allowable under state law or guidelines, or may only be allowable under certain circumstances and conditions. TEA's [Guidelines Related to Specific Costs](#) (under *Allowable Cost Guidance*) outlines several other types of costs that require special attention due to the fact some costs frequently cause audit exceptions or monitoring findings. Included in that guidance are descriptions of allowable awards and incentives; cell phones; employer contributions to *voluntary* retirement plans; field trips; printing costs; food costs, including for hosting meetings and conferences; fundraising; gifts; promotional items; social events; and training on grant writing.

The District makes every effort to comply with these guidelines in the expenditure of federal grant funds to avoid audit exceptions. Each Grant Manager, before approving requests with federal funds, ensures that expenses requiring special attention are reviewed for compliance prior to approving or denying. Requests that require specific approval are written into the grant and submitted to TEA prior to use of funds. District employees engaged in federally-funded activities are required to consult this document regularly and be familiar with its contents. The EDGAR Manual will be posted online in the federal grant programs site.

The state and/or District rules related to some specific cost items are discussed below. District employees must be aware of these State and District rules and ensure they are complying with these requirements.

## Travel

Travel costs are the expenses for transportation, lodging, subsistence (i.e., meals), and related items incurred by employees who are in travel status on official business of the District. TEA's policy for reimbursing travel is more restrictive than the federal cost principles allow. In an effort to keep travel costs reasonable, TEA restricts reimbursement for travel paid from federal and state grants to rates that are specified in the State of Texas *General Appropriations Bill, Article IX, General Provisions, Travel Regulations*, in effect for the particular grant period. TEA regularly publishes information and guidance about allowable travel costs and rates on the [Administering a Grant](#) page (scroll down under *Handbooks and Other Guidance*).

The federal cost principles allow for reimbursement for meals on a *per diem* basis, whether or not the employee actually spends the entire per diem. TEA, however, in following the travel restrictions specified in the Appropriations Bill for state employees, allows for reimbursement of meals at *actual costs*, not to exceed the federal rate for the locale, or local policy, *whichever is less*. Travel *allowances* (where the employee is reimbursed the per diem rather than actual costs whether or not the employee actually spends all of the maximum allowable per diem) are not allowable charges to state and federal grants in Texas. The State of Texas defines reimbursement of the difference between the maximum per diem and the actual amount spent on meals as a "gift of public funds", which is unallowable per the Texas Constitution. Therefore, the District ensures that its travel policy and reimbursement practices reflect this requirement.

Additionally, if local District policy provides for reimbursement for travel expenses at an amount that exceeds the rates allowed by TEA, the District pays the difference from state or local funds. District policy does not provide for reimbursement of travel expenses at a higher rate as specified in the District's written travel policies.

In general, reimbursement from state or federal grants for employees on travel is limited to the following:

- the *actual* cost of meals incurred by the employee per day, not to exceed the maximum allowable federal per diem rate
- the *actual* cost of lodging, not to exceed the current federal rate in the locale to which the employee is travelling
- the actual cost of coach airfare
- actual mileage in a personal vehicle
- the cost of a rental car and gasoline

*Applying Meal Funds to Lodging Reimbursement:* Per [guidance from TEA related to travel](#), for both in-state and out-of-state travel, the traveler may apply funds available for meal reimbursement (i.e., up to the rate specified in the Federal Rate Schedule) toward lodging. For example, if the traveler chooses to stay in a hotel that costs \$10 more per night than the allowable maximum for lodging, the traveler may

apply \$10 of the maximum available for meal reimbursement per day toward the lodging rate. If the traveler chooses to apply meal reimbursement to lodging, the maximum meal reimbursement rate per day is reduced by the same amount (applying \$10 of the meal reimbursement to lodging would reduce the meal reimbursement by \$10 per day). Note: All lodging costs must still be *reasonable* and *necessary*.

NOTE: The opposite case does not apply; that is, a traveler may *not* reduce the amount spent on lodging and increase the amount spent on meals. Under no circumstances may a traveler be reimbursed from grant funds for meals at a rate that exceeds the rate given on the Federal Rate Schedule.

*Temporary Dependent Care Costs:* Pursuant to the provisions in 2 CFR § 200.474(c), the District may reimburse an employee on travel status for temporary dependent care costs *above and beyond regular dependent care* that directly results from travel to conferences. Such travel is allowable provided that *all* of the following conditions are met:

1. The costs are a direct result of the individual's travel for the federal grant.
2. The costs are consistent with the District's documented travel policy for all District travel regardless of funding source of the employee or of the travel.
3. The dependent care costs are only temporary during the travel period.

Travel costs for dependents are unallowable.

The District does not reimburse employees for temporary dependent care costs.

*Documentation that Travel Costs are Reasonable and Justifiable:* Additionally, costs incurred by employees and officers for travel, including costs of lodging, other subsistence, and incidental expenses, must be deemed by the District to be *reasonable* and otherwise allowable only to the extent such costs do not exceed charges normally allowed by the District in its regular operations as the result of its written travel policy.

Pursuant to the requirements in 2 CFR § 200.474(b), documentation must be maintained that *justifies* that (1) participation of the particular *individual* is *necessary* to the federal award; and (2) the costs are *reasonable* and *consistent* with the District's established policy. The Grant Manager determines if the travel costs are necessary, reasonable, allowable, and consistent with district and TEA policy. Part A of the Travel Request form must be completed by the employee and approved by the Program Director. Part A of the travel request form must be attached to any expenditure request.

Refer to the District's *written travel reimbursement policy*, which complies with TEA's guidelines related to travel, for specific provisions related to travel. 2 CFR § 200.474(a).

*Request to Travel Form*

Employees who plan to travel must complete a *Request to Travel* (or similar document) *prior* to travel, detailing the dates of the proposed travel, purpose of the travel, how it will benefit the grant program, and *estimated* travel expenses. The *Request to Travel* (or similar document) must be approved by the employee's supervisor and by the Accounting Department. The supervisor will verify that the travel by the particular *individual* is necessary to accomplish the objectives of the grant program. The Accounting Department will verify that costs are reasonable and consistent with the District's travel policies. The Accounting Department will also ensure that sufficient funds are budgeted and available for travel in the appropriate grant program prior to the employee incurring any travel expenditures. Please see district travel policy and procedures in appendix section.

### *Travel Voucher*

Travel costs must be properly documented to be reimbursable by the District. The employee must document travel costs with a *Travel Voucher* (or other comparable documentation) that is completed *after* the travel has occurred. The *Travel Voucher* (or similar documentation) must include the following at a minimum:

- Name of the individual claiming travel reimbursement
- Destination and purpose of the trip, including how it was necessary for this particular individual to travel on this particular trip in order to accomplish the objectives of the grant program
- Dates of travel
- Actual mileage (not to exceed reimbursement at the maximum allowable rate). Travelers are required to calculate mileage by one of the following two methods:
  - Electronic mapping source (such as that on [www.Mapquest.com](http://www.Mapquest.com) or any other online mapping service). If this method is chosen, the traveler must print out the driving directions provided by the site and attach them to the travel voucher.

Travelers are required to select the shortest and most economical route but may justify the selection of another route if it was chosen for safety reasons and specific justification of the selection is given.

- *Actual amount* expended on lodging per day, with a receipt attached (may not exceed the federal rate for the locale)
- *Actual amount* expended on meals per day (must not exceed the federal rate for the locale; tips and gratuities are not reimbursable). Receipts for meals are not required by TEA but may be required per local District policy.
- Actual amount of airfare (receipt must be attached; a printed copy of an online receipt is acceptable)
- Actual amount expended on public transportation, such as taxis and shuttles (receipt not required by TEA but may be required per local District policy)

- Actual amount expended on a rental car, with receipt attached and justification for why a rental car was necessary and how it was more cost effective than alternate transportation; receipts for any gasoline purchased for the rental car must be attached (*mileage* is not reimbursed for a rental car – only the *actual cost for gasoline* is reimbursed)
- Actual cost of gasoline for a rental car (receipts must be attached)
- Actual cost of parking (receipt may be required at the local level, but is not required by TEA)
- Actual amount expended on incidentals, such as hotel taxes, copying of materials, and other costs associated with the travel (receipts must be attached)
- Total amount to be reimbursed to the employee
- The signature and date of the employee
- The signature and date of the supervisor or other manager

Travel costs that are not supported by proper documentation as described above are not allowable to be charged to the grant and are subject to disallowance by state and federal auditors and monitors.

#### *Pre-determined Conference Hotel Lodging Rates:*

The primary goal is to demonstrate that the employee is staying in the most cost-effective (while still being safe) hotel lodging. If the hotel *conference* rate *exceeds* the federal rate (GSA) for the locale, check the rate of hotels in close proximity and **print or record the rates in writing**. If the hotel is within walking distance and is within the federal rate for the locale, it may be difficult to justify staying at the conference hotel at the higher rate. Anything above GSA rate will be funded out of local funds.

But if the hotel with a lower rate is *not* within walking distance and **would require the traveler to travel by bus, taxi, or even rental car to get to the hotel conference facilities each day**, it may be justifiable to stay at the conference hotel with the higher rate if the traveler can document that it would cost more to stay at another hotel and pay for the bus or taxi at least twice per day, or even pay for a rental car and gas and parking for the rental car (whichever is the most economical) than to stay at the conference hotel.

Complete and accurate documentation must be maintained in order for this scenario to be considered acceptable by an auditor.

Other costs requiring special attention are discussed below.

#### **Advertising and Public Relations Costs**

Pursuant to the requirements in 2 CFR § 200.421, the costs of *advertising* are allowable only for the recruitment of grant personnel; the procurement of goods and services for the award; disposal of scrap or surplus materials acquired under the award; and program outreach. Allowable *public relations* costs are those necessary to communicate with the public and press pertaining to specific activities or

accomplishments or as necessary to keep the public informed on matters of public concern. All advertising and public relations costs must be necessary for the performance of the particular award, and must *not* be for the purpose of advertising or relating to the public with regard to the district in general.

### **Hosting Meetings and Conferences**

2 CFR § 200.432 discusses the allowability of conference costs paid by the district as a sponsor or host of the conference. A conference is defined as “a meeting, retreat, seminar, symposium, workshop or event whose primary purpose is the dissemination of technical information beyond the non-federal entity (i.e., the conference is for non-employees) and is necessary and reasonable for successful performance under the award.” These federal guidelines state that costs may include rental of facilities, cost of meals and refreshments, local transportation, and other items incidental to such conferences unless further restricted by the terms and conditions of the federal award. Per the guidance, conference hosts/sponsors must exercise discretion and judgment in ensuring that conference costs are appropriate, necessary, and managed in a manner that minimizes the costs to the federal award.

However, the USDE issued more restrictive [guidance related to the use of funds for conferences and meetings](#) (under *Allowable Cost Guidance*), particularly with regard to food costs such as meals, snacks, and refreshments.

Per guidance from the USDE:

“Generally, there is a very high burden of proof to show that paying for food and beverages with Federal funds is necessary to meet the goals and objectives of a Federal grant. When a grantee is hosting a meeting, the grantee should structure the agenda for the meeting so that there is time for participants to purchase their own food, beverages, and snacks. In addition, when planning a meeting, grantees may want to consider a location in which participants have easy access to food and beverages.

While these determinations will be made on a case-by-case basis, and there may be some circumstances where the cost would be permissible, it is likely that those circumstances will be rare. Grantees, therefore, will have to make a compelling case that the unique circumstances they have identified would justify these costs as reasonable and necessary.”

Additionally, the USDE guidance states that grantees should consider whether a face-to-face meeting or conference is the most effective or efficient way to achieve the desired result and whether there are alternatives, such as webinars or video conferences, that would be equally or similarly effective and more efficient in terms of time and costs than a face-to-face meeting. The USDE guidance also states that grantees should consider how the meeting or conference will be perceived by the public; for example, will the meeting or conference be perceived as a good use of taxpayer dollars?

These and more specific guidelines are also discussed in TEA's [Guidelines Related to Specific Costs](#) (under *Allowable Cost Guidance*) in the *Food and Beverage Costs* section.

District staff will adhere to these guidelines if and when hosting a meeting or conference for non-employees. Prior to planning a meeting or conference, approval will be obtained by each Grant Manager obligating the funds. The proposed meeting or conference will be budgeted in the approved application and the District will obtain prior approval from TEA as specified in the *Guidelines Related to Specific Costs*.

*Cost of Identifying Local Dependent Care:* Pursuant to the provisions in 2 CFR § 200.432, the District may use grant funds to pay for *identifying*, but *not providing*, locally available dependent-care resources for those attending the conference. For example, allowable costs might include accessing, compiling, and providing a list of nearby child care facilities for attendees at a conference.

The District does not use grant funds to pay for *identifying* locally available dependent care resources.

### **Entertainment Costs and Field Trips**

Pursuant to 2 CFR § 200.438, costs of *entertainment*, including amusement, diversion, and social activities and any associated costs are *unallowable*, except where specific costs that might otherwise be considered entertainment have a programmatic purpose. TEA interprets this section to include some *field trips*, depending on the nature and purpose of the field trip. All field trips require the prior written approval of TEA.

TEA's [Guidance Related to Specific Costs](#) (under *Allowable Cost Guidance*) includes information about allowable and unallowable field trips. District staff will consult these guidelines and secure prior written approval from TEA prior to planning and scheduling any field trips.

### **Use of Federal Funds for Religion Prohibited**

Without exception, federal funds will not be used to pay for any of the following:

- religious worship, instruction, or proselytization
- equipment or supplies to be used for any of those activities

34 CFR § § 75.532 and 76.532

### **Use of Federal Funds for Construction or Major Remodeling and Renovation**

Federal funds will not be used to purchase real property or for construction.

### Use of Federal Funds Benefitting Students and Teachers in Private Schools

Many federal programs contain the requirement that equitable services be provided to students and teachers in private nonprofit schools located within the District's boundaries if the officials of the nonprofit school desire that their children and teachers receive the benefits of those federal programs. In the event that private nonprofit schools wish to participate, there are restrictions with regard to the use and control of funds which benefit those students and teachers. 34 CFR §§ 76.658 - .662.

The expenditure of all federal funds for the benefit of participating private school students and teachers is directly related to the specific federal program under which private school students and teachers are receiving benefit. The following provisions will be adhered to in the use of federal funds for the benefit of private school students and teachers.

- The District shall maintain continuing administrative direction and control over funds and property that benefit private school teachers and students. No funds will ever be paid to a private school. All goods and services are purchased by the District on behalf of and for use by the participating private school.
- The District will monitor participating private schools to verify compliance with these requirements.
- The District shall not use funds to finance the existing level of instruction in a private school or to otherwise benefit the private school.
- The District shall use funds to meet the *specific program needs of students* enrolled in private schools, rather than the *needs of a private school* or the *general needs of the students* enrolled in a private school.
- The District may use funds to make *District* personnel available in *other than* District facilities to the extent necessary to provide equitable program benefits designed for students enrolled in a private school and if those benefits are not normally provided by the school.
- The District may use funds to pay for the services of a *private school employee* if the employee performs the services outside of his or her regular hours of duty and the employee performs the services under the supervision and control of the District or other public entity.
- Equipment and Supplies
  - The District must keep title to and exercise continuing administrative control of all equipment and supplies that the District acquires with federal funds. The District will only place equipment and supplies in a private school for the period of time needed for the federal grant project. (The equipment and supplies are "on loan" to the private school for the duration of the grant project.)
  - The District will monitor to ensure that the equipment or supplies placed in a private school are used only for the purposes of the project and can be recovered from the private school without remodeling the private school facilities.

- The District will remove the equipment or supplies from a private school if the equipment or supplies are no longer needed for the purposes of the project or if removal is necessary to avoid use of the equipment or supplies for other than project purposes.
- The District will ensure that federal funds are not used for the construction of private school facilities.

*For Title I, Title II and Title III grants*

The district contracts with Region 10 Education Service Center to conduct outreach and provide consultation to private non-profit schools. The Region 10 ESC Private Nonprofit Consultant provides the Grant Manager with the list of qualifying students and/or private schools. The list of students/schools are reviewed to determine if within school boundaries and if students are attending a qualifying district school.

The Grant Manager is responsible for documenting set asides in the grant for private nonprofit schools/students. The Region 10 ESC Private Nonprofit Consultant is responsible for monitoring the use of funds and reporting expenditures to district.

*For Special Education grants*

Duncanville ISD locates, identifies, and evaluates all children with disabilities who are currently enrolled by their parent in private, including religious, elementary schools, and secondary schools located in Duncanville ISD.

Duncanville ISD sets aside annually a proportionate share of federal special education funds and uses these funds to provide special education and related services to eligible parentally-placed private school children.

Duncanville ISD consults annually with private school representatives and parents of children with disabilities parentally-placed in private school regarding:

- The determination of the proportionate amount of federal funds available to serve parentally-placed private school children with disabilities
- The determination of how the amount was calculated
- A discussion of how services will be apportioned if funds are insufficient to serve all children, and how and when these decisions will be made

After the consultation, Duncanville ISD determines the number of parentally-placed private school children with disabilities attending private schools located in Duncanville ISD. This determination is made on the last Friday in October. The count is used to determine the amount Duncanville ISD must spend on providing special education and related services to parentally-placed private school children in the next subsequent fiscal year.

Based upon the results of the consultation, Duncanville ISD makes the final decisions with respect to the services to be provided to eligible children with disabilities parentally-placed in private school.

Duncanville ISD carries over any unused proportionate share funds for one additional year for use in providing special education and related services, including direct services, to parentally-placed private school children.

The Director of Special Education assures that all applicable policies, procedures, and guidelines addressing the provision of special education and related services to children with disabilities parentally placed in private schools are followed, including monitoring the use of any materials and equipment placed in private schools for use by children with disabilities. Procedures used to manage this include:

- Annual review of applicable policies, procedures and guidelines addressing the provision of special education and related services to children with disabilities parentally-placed in private schools within district geographic boundaries.
- Periodic, documented, on-site checks of materials and equipment placed in a private school for use by an eligible student to assure appropriate use of these items.

For additional information pertaining to the requirements for participation by students enrolled in private nonprofit schools, see section *XI. Programmatic Requirements, A. Private Nonprofit School Participation* in this manual.

## G. Reporting Expenditures

### TEA Grants

The [General Provisions and Assurances](#) that accompany every grant application funded by or through TEA contains an assurance that grantees agree to comply with expenditure reporting requirements. The District will submit expenditure reports in the time and manner requested by TEA.

TEA requires that districts and other grantees use a standard format for reporting expenditures for grants funded through TEA. Reports are submitted electronically through the automated [Expenditure Reporting](#) (ER) system by class/object code. The *Program Guidelines* for each RFA published by TEA and/or the *Critical Events* calendar provided on the TEA [Grant Opportunities page](#) for a specific program identify the required expenditure reporting dates. However, even though dates for submitting interim expenditure reports may not be specified, the District will submit expenditure reports more frequently, such as monthly, to indicate that grant activities and expenditures are occurring as planned and there are no major delays in the project.

Final expenditure reports are generally due 30 days after the ending date of the grant. If the grant program has a cost share or matching funds requirement, the District must also report the total cost share or matching funds in ER.

Each District employee who reports and/or certifies expenditures in ER is required to have a TEASE (TEA Secure Environment) username and password to access ER. (As of the writing of this template, TEA was in the process of migrating to a new secure environment, [TEA Login \(TEAL\)](#), which replaces the older TEASE. ER and eGrants will eventually be transferred to TEAL.) The District reports cumulative expenditures to date in ER, and the system automatically calculates the amount already paid to the District and the amount owed and generates a payment to the District.

When filing interim reports, the District will only report actual expenditures, and any expenditures that will be paid out within three business days once payment is received by the District. In addition, the District will comply with the cash management procedures described in *II. Financial Management System, H. Federal Cash Management Policy/Procedures* of this manual.

The Accountant in the District's Business Office submits the reports in ER. Each report is certified by the Director of Accounting, an authorized official who attests that expenditures are true and correct. Effective July 1, 2015, the fiscal reports requesting payment will include a certification signed/certified by an official who is authorized to legally bind the District. 2 CFR § 200.415. The certification reads as follows:

"By signing this report, I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the federal award. I am aware that any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil or administrative penalties for fraud, false statements, or false claims or otherwise. (U.S. Code Title 18, Section 1001 and Title 31, Sections 3729-3730 and 3801-3812)."

See *II. Financial Management System, H. Federal Cash Management Policy/Procedures* in this manual for more information on requesting grant payments and the "three-day rule," as well as the calculation of interest earned on funds not paid out upon receipt.

The ER system automatically rejects expenditure reports if:

- The District is claiming expenditures in a class/object code not budgeted in the application.
- The total amount reported exceeds the total amount awarded.

TEA (or other agency administering the grant on behalf of TEA) reserves the right to require supporting documentation (such as an accounting ledger) that lists the individual expenditures by object code, as well as invoices, receipts, travel vouchers, and other expenditure documents for expenditures at any time during or after the grant period for as long as the records are retained according to requirements for record retention. The District will be required to reimburse all expenditures that are unsupported by appropriate documentation or found to be unallowable under the grant. Depending upon the severity of noncompliance with allowable cost principles, additional sanctions may be imposed, up to and including termination of the grant and refund of all unallowable costs.

In addition, failure to submit the expenditure reports according to the required reporting dates could cause the grantee to be identified as high risk and could result in additional sanctions. (See *Part VIII. Monitoring, B. TEA Monitoring, Identification as a High-Risk Grantee* in this manual.)

**Refunds Due to TEA**

If the final expenditure report indicates that a refund is due to TEA, within 30 days of notification that a refund is due, the District will submit a refund check to the following address:

Texas Education Agency—MSC  
P.O. Box 13717  
Austin TX 78711-3717

The District will write the name of the grant program and the NOGA ID number on the refund check and note the reason for the refund (e.g., due to an internal audit or an annual audit).

Failure to comply with the requirements for submitting a refund within 30 days will result in an enforcement action by TEA to withhold future payments. 2 CFR § 200.338

**Grants from Other Awarding Agencies**

The District will submit expenditure reports to other awarding agencies in the time and manner requested by the agency. The District will comply with the cash management procedures described in the following section.

## H. Federal Cash Management Policy/Procedures

Generally, grantees receiving state and federal grants from TEA receive payment from TEA by reporting cumulative expenditures (by class/object code) and requesting payment in TEA's electronic Expenditure Reporting (ER) system. Specific expenditure reporting requirements are provided in TEA's [General and Fiscal Guidelines](#) that accompany each *Request for Application* (RFA) from TEA. These guidelines are updated regularly and must be consulted on a regular basis.

Payments through ER are deposited into the District's depository bank by the state comptroller's office within six to seven business days of the payment request (provided TEA receives any supporting documentation requested in a timely manner and there are no other complications with the automated system).

Two methods of payment are provided in federal regulations: *advance* and *reimbursement*. The District uses the reimbursement method for requesting grant payments from TEA and other awarding agencies.

**Advance Method**

The advance payment method is not used by the District.

**Excess Cash on Hand**

In addition to remitting interest per the preceding instructions, per TEA's policy (TEA's [General and Fiscal Guidelines](#), Return of Interest Earned from Excess Cash on Hand), any funds that are not paid out within

three business days of *receipt* of funds are considered *excess cash on hand*, which must be returned to TEA immediately as a refund. Refunds that are a result of excess cash will be sent to the following address:

Texas Education Agency—MSC  
P. O. Box 13717  
Austin TX 78711-3717

Per instructions from TEA, the District will write the name of the grant program and the NOGA ID number on the refund check. The refund will be credited to the NOGA ID from which the excess funds were drawn down.

### **Reimbursement Method**

Under the reimbursement method, the District initially charges federal grant expenditures to nonfederal funds and makes appropriate journal entries to charge the federal grant once payment is received. All reimbursements are based on actual disbursements (i.e., payments already made), not on obligations.

The District Accountant will request reimbursement for actual expenditures incurred under the federal grants monthly or as specified by TEA or other awarding agency through TEA's ER System (described above) or through other awarding agency's system, such as the Department of Education's G5 system, for direct grants. When using this method, the District will only request *reimbursement* for funds actually already paid out.

Reimbursements of *actual expenditures* do not require interest calculations as detailed in the *Advance Method* section.

### **Noncompliance with Cash Management Requirements**

Pursuant to the provisions of 2 CFR § 200.338, grantees that fail to comply with cash management requirements, including the repayment of interest earned, may be subject to the following special conditions or enforcement actions:

- Identification as a high-risk grantee, pursuant to the provisions of 2 CFR § 3474.10 and 2 CFR § 200.207, which may involve the imposition of special conditions and being placed on reimbursement basis only (District would not be able to draw down its own funds in the ER system without first submitting supporting documentation for expenditures)
- Temporarily withholding cash payments pending correction of the deficiency
- Disallowing all or part of a cost not in compliance
- Suspension or termination of the award
- Withholding further awards for future grants from TEA
- Debarment or suspension from receiving any future federal funds from any entity
- Other remedies that may be legally available

## I. Program Income

### **Definition**

*Program income* means gross income earned by the District that is directly generated by a supported activity or earned as a result of the federal award during the grant's period of performance. 2 CFR § 200.80.

*Program income* includes, but is not limited to:

- income from fees for services performed
- the use or rental of real or personal property acquired under federal awards
- the sale of commodities or items fabricated under a federal award (costs to purchase or fabricate items must be allowable under the grant and the activities must be appropriate for the grant program)
- license fees and royalties on patents and copyrights
- principal and interest on loans made with federal award funds

Interest earned on advances of federal funds is *not* program income; except as otherwise provided in federal statutes, regulations, or the terms and conditions of the federal award, program income does *not* include rebates, credits, discounts, and interest earned on any of these. 2 CFR § 200.80. Additionally, taxes, special assessments, levies, fines, and other such revenues raised by the District are *not* program income unless the revenues are specifically identified in the federal award or federal awarding agency regulations as program income. Finally, proceeds from the sale of real property, equipment, or supplies are *not* program income. 2 CFR § 200.307

The District will describe in the applicable grant application any program income it wishes to earn, including a description of the activity(ies) that will be conducted to earn program income and how the activity(ies) will further the objectives of the grant program. The Chief Financial Officer will make the final determination if the activity that is proposed to generate program income is suitable for the program and whether it is permissible to proceed with requesting it in the application.

### **Use of Program Income**

*Deduction Method:* Per federal regulations, the default method for the use of program income for the District is the *deduction* method. 2 CFR § 200.307(e). Under the *deduction* method, program income is *deducted* from *total* allowable costs to determine the *net* allowable costs. Thus, prior to submitting the expenditure report, the amount of program income must be deducted from total expenditures. Program income will only be used for current costs unless the District is otherwise directed by TEA or other awarding agency. 2 CFR § 200.307(e)(1).

*Addition Method:* The District may also request written prior approval from the TEA Chief Grants Administrator (or other awarding agency) to use the *addition* method. Under the *addition* method,

program income may be *added* to the Federal award. The program income must then be used for the purposes and under the conditions of the Federal award. 2 CFR § 200.307(e)(2)

While the *deduction* method is the default method, the District always refers to the NOGA/GAN prior to determining the appropriate use of program income. If the NOGA/GAN does not address the use of program income or does not authorize districts to use the *addition* method, the District must determine if it needs to request authorization from TEA or other awarding agency to apply the *addition* method if it is in the best interest of the District.

### Reporting Program Income

If the District earns any program income, all program income will be reported on the expenditure report, even when the District has been given permission in the application to retain the program income and add it to the grant funds.

### Earning Program Income after the Grant Period

There are no federal requirements governing the disposition of program income earned after the end of the grant period, unless the terms of the agreement or the program-specific federal regulations provide otherwise. After the ending date of the grant, the District is no longer required to report any program income generated for the grant. For multi-year discretionary grant projects, this means at the end of the multi-year grant project.

## III. Procurement System

*Module 3* of TEA's [FASRG](#) outlines requirements and best practices related to the purchasing function. Reflecting state (and some federal) requirements for purchasing, *Module 3* is based on statutes containing requirements for districts for competitive *purchasing/contracting processes* found in the *Texas Education Code*, *Local Government Code*, *Texas Government Code*, *Texas Revised Civil Statutes*, Texas Attorney General Opinions, federal regulations and other sources. The *Handbook on Purchasing for Texas Public Schools, Junior Colleges and Community Colleges (Appendix 1 of Module 3)* was written to provide information about purchasing and also be a ready reference regarding:

- Purchasing ethics
- Questions and answers on bidding and purchasing topics
- Example purchasing documents
- Purchasing laws
- Texas Attorney General Opinions
- Definitions of purchasing terms

According to *Section 271.003(9)*, *Local Government Code*, "school district" means an independent school district, common school district, community college district, junior college district or regional college

district organized under the laws of this state. Therefore, the District is required to comply with all requirements outlined in *Module 3* and in state law.

In accordance with TEA's *purchasing policy* established in *Module 3*, the District's objective is to purchase the best products, materials, and services at the lowest practical prices within relevant statutes and policies. It is important to acquire goods and services for the best price through fair and open competition to protect the interest of the local, state, and federal government while still maintaining the desired quality and minimizing exposure to misuse of funds.

Also in accordance with *Module 3*, the District's administrative *procedures* pertaining to purchasing goods and services shall reflect *quality assurance* and *quality control*, including an analysis of products provided through the procurement process, a review of services provided, and a review of vendor performance. Additionally, the District's purchasing practices and procedures must comply with federal procurement standards, some of which are already incorporated into *Module 3*. It should be noted that some state requirements for purchasing are more restrictive than the federal requirements. Key state requirements that are more restrictive are noted in this section.

Refer to Duncanville ISD's Purchasing Manual in appendices section.

### A. Conflict of Interest Requirements

Substantial state and federal requirements exist pertaining to standards of conduct and conflict of interest. It is the intent of the District for all employees, officers, or agents to conduct all activities associated with procurements in compliance with the highest ethical standards, including the avoidance of any *real or perceived conflict of interest*. It is also the intent of the District to impose appropriate sanctions or disciplinary actions, including but not limited to termination and/or prosecution, for any employees or officers who violate any of these requirements.

#### **Standards of Conduct**

##### *State Requirements*

According to *The Handbook on Purchasing for Texas Public Schools, Junior Colleges and Community Colleges* (Module 3 of [FASRG](#), Appendix 1), it is a serious breach of the public trust to subvert the public purchasing process by directing purchases to certain favored vendors, or to tamper with the purchasing process, whether it is done for kickbacks, friendship or any other reason. State law relating to violation of purchasing requirements imposes upon violators certain criminal penalties, which are found in *Section 44.032, Texas Education Code, and Chapter 271.029, Local Government Code*.

The following common standards of ethics shall govern the conduct of District employees involved in the purchasing function:

1. It is a breach of ethics to attempt to realize personal gain through public employment with a school district by any conduct inconsistent with the proper discharge of the employee's duties.

2. It is a breach of ethics to attempt to influence any public employee of a school district to breach the standards of ethical conduct set forth in this code.
3. It is a breach of ethics for any employee of a school district to participate directly or indirectly in a procurement when the employee knows that:
  - The employee or any member of the employee's immediate family has a financial interest pertaining to the procurement;
  - A business or organization in which the employee, or any member of the employee's immediate family, has a financial interest pertaining to the procurement; or
  - Any other person, business or organization with whom the employee or any member of the employee's immediate family is negotiating or has an arrangement concerning prospective employment is involved in the procurement.
4. Gratuities: It is a breach of ethics to offer, give or agree to give any employee or former employee of a school district, or for any employee or former employee of a school district to solicit, demand, accept or agree to accept from another person, a gratuity or an offer of employment in connection with any decision, approval, disapproval, recommendation, preparation of any part of a program requirement or purchase request, influencing the content of any specification or procurement standard, rendering of advice, investigation, auditing, or in any other advisory capacity in any proceeding or application, request for ruling, determination, claim or controversy, or other particular matter pertaining to any program requirement or a contract or subcontract, or to any solicitation or proposal therefore pending before this government. Acceptance of gratuities may be construed as a criminal offense.

In addition, Texas law makes a gift (an item valued at \$50 or more, cash of any amount, or a negotiable instrument of any value) to a public employee a Class A misdemeanor if the employee is someone who exercises some influence in the purchasing process of the governmental body. (*Texas Penal Code*, 36.09[d] and [h]).

5. Kickbacks: It is a breach of ethics for any payment, gratuity or offer of employment to be made by or on behalf of a subcontractor under a contract to the prime contractor or higher tier subcontractor for any contract of a school district, or any person associated therewith, as an inducement for the award of a subcontract or order.
6. Contract Clause: The prohibition against gratuities and kickbacks prescribed above should be conspicuously set forth in every contract and solicitation therefore.
7. It is a breach of ethics for any employee or former employee of a school district knowingly to use confidential information for actual or anticipated personal gain, or for the actual or anticipated gain of any person.

*Local Government Code, Chapter 176* provides information regarding conflict of interest statements to be filed by vendors and certain school district employees. Refer to the [Texas Ethics Commission website](#) for additional information and sample forms.

### *Federal Requirements*

In addition to the state requirements pertaining to standards of conduct and avoiding conflict of interest, in accordance with 2 C.F.R. § 200.18(c)(1), the District's standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award, and administration of federal contracts include the following federal standards.

No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a federal award if he or she has a *real or apparent* conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract.

The officers, employees, and agents of the District 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. (See state requirements above pertaining to defining "nominal value.")

Below is district policy located in the staff handbook. Each staff member is required to sign acknowledging his/her receipt and confirmation to abide by the standards, policies and procedures.

#### Conflict of Interest

*Policy CB, DBD* Staff members are required to disclose in writing to the district any situation that creates a potential conflict of interest with proper discharge of assigned duties and responsibilities or creates a potential conflict with the best interests of the district. This includes:

- A personal financial interest
- A business interest
- Any other obligation or relationship
- Non-school employment

Employees should contact their supervisor for additional information.

#### Gifts and Favors

*Policy DBD* Staff members may not accept gifts or favors that could influence, or be construed to influence, the staff member's discharge of assigned duties. The acceptance of a gift, favor, or service by an administrator or teacher that might reasonably tend to influence the selection of textbook, electronic textbooks, instructional materials or technological equipment may result in prosecution of a Class B misdemeanor offense. This does not include staff development, teacher training, or instructional materials such as maps or worksheets that convey information to students or contribute to the learning process.

### **Disciplinary Actions**

The District will impose appropriate sanctions or disciplinary actions, including but not limited to termination and/or prosecution, for any employee or officer who violates any of these requirements related to standards of conduct and conflict of interest. 2 CFR § 200.318(c)(1)

All district staff should perform their duties in accordance with state and federal law, district policies and procedures, and ethical standards. Violation of policies, regulations, or guidelines may result in disciplinary action, including termination. Alleged incidents of certain misconduct by educators, including having a criminal record, must be reported to SBEC not later than the seventh day after the superintendent knew of the incident. The Assistant Superintendent of Human Resources is responsible for enforcing any disciplinary actions.

### **Mandatory Disclosure**

Upon discovery of any potential conflict, the District will disclose in writing the potential conflict to TEA or other federal awarding agency in accordance with applicable TEA or other federal awarding agency policy. 2 CFR § 200.112.

In addition, the District will disclose, in a timely manner, in writing to TEA or other federal awarding agency, all violations of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the federal award. 2 CFR § 200.113. Failure to make required disclosures can result in any of the remedies described in 2 CFR § 200.338, Remedies for Noncompliance, including Debarment and Suspension. The Assistant Superintendent of Human Resources is responsible for enforcing any disciplinary actions.

## **B. Full and Open Competition**

All procurement transactions paid with federal funds are conducted in a manner providing *full and open competition* consistent with 2 C.F.R § 200.319. In an environment of full and open competition, no proposer or bidder has a competitive advantage over another. All potential proposers and bidders must be provided the same information and have the same opportunity to submit a bid or proposal. Providing a competitive advantage to one or more potential proposers or bidders over another can open up the potential for disputes and lawsuits that can be costly and can significantly delay the completion of projects.

In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals (RFPs) are excluded from competing for such procurements. The District does not engage in the following situations that may restrict *full and open competition*, including but not limited to:

- placing unreasonable requirements on firms in order for them to qualify to do business;

- requiring unnecessary experience and excessive bonding;
- noncompetitive pricing practices between firms or between affiliated companies;
- noncompetitive contracts to consultants that are on retainer contracts;
- organizational conflicts of interest;
- specifying only a “brand name” product instead of allowing “an equal” product to be offered and describing the performance or other relevant requirements of the procurement; and
- Any arbitrary action in the procurement process. 2 CFR § 200.319(a)

The Director of Purchasing & Warehouse is responsible for reviewing documentation for each procurement transaction to ensure the District is in compliance with these requirements.

The District also complies with the following requirements in 2 CFR 200 to ensure full and open competition when purchasing with federal funds.

### **Geographical Preferences Prohibited**

The District conducts federal procurements in a manner that prohibits the use of statutorily or administratively imposed state or local geographical preferences in the evaluation of bids or proposals, except in those cases where applicable federal statutes expressly mandate or encourage geographic preference. 2 CFR § 200.319(b). Accordingly, when purchasing with federal funds, the District does not give preference to a contractor/vendor which is located in Texas or the local or surrounding community simply due to the location. Nothing in this section preempts state licensing laws.

When contracting for *architectural and engineering (A/E) services*, geographic location may be a selection criterion provided an appropriate number of qualified firms, given the nature and size of the project, are left to compete for the contract.

The Director of Purchasing & Warehouse is responsible for reviewing and monitoring the process.

### **Contracting with Small and Minority Businesses**

The District takes all necessary affirmative steps to assure that historically underutilized businesses (HUBs), including minority businesses and women’s business enterprises, and labor surplus area firms are used when possible. 2 CFR § 200.321. To accomplish this, the District uses the following required affirmative steps:

- placing qualified small and minority businesses and women’s business enterprises on solicitation lists
- assuring that small and minority business, and women’s business enterprises are solicited whenever they are potential sources
- dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses, and women’s business enterprises
- establishing delivery schedules, where the requirement permits, which encourage participation by small and minority businesses, and women’s business enterprises

- using the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce, and
- Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed above.

The Director of Purchasing & Warehouse is responsible for reviewing and monitoring the process.

### **Prequalified Lists**

The District ensures that all prequalified lists of persons, firms, or products which are used in acquiring goods and services are current and include enough qualified sources to ensure maximum open and free competition. 2 CFR § 200.319(d). The District accomplishes this by conducting internet searches, including using [vendor searches available through the Texas Comptroller of Public Accounts](#), and by using other less technologically-advanced tools to locate and identify potential contractors. The primary source for locating approved vendors is the approved vendor list and vendors that are part of an interlocal agreement in which the District participates. Also, the District will not preclude potential bidders from qualifying during the solicitation period. The Director of Purchasing & Warehouse is responsible for reviewing prequalified lists and determining if they include an adequate number of qualified sources.

### **Solicitation Language**

The Director of Purchasing & Warehouse will ensure all solicitations will incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description will not, in competitive procurements, contain features which unduly restrict competition. The description will include a statement of the qualitative nature of the material, product or service to be procured and, when necessary, will set forth those minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use. Detailed product specifications will be avoided if at all possible.

When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a “brand name or equivalent” description may be used as a means to define the performance or other salient requirements of procurement. The specific features of the named brand which must be met by offers will be clearly stated and will identify all requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals. 2 CFR § 200.319(c)

## **C. Federal Procurement System Standards**

In addition to avoiding conflicts of interest and ensuring full and open competition as described above, the District’s written procurement procedures for purchases made with federal funds reflect applicable state and local laws and regulations and conform to the following *federal* standards for procuring goods and services with federal funds. 2 CFR § 200.318

### **Avoiding Acquisition of Unnecessary or Duplicative Items**

The District avoids the acquisition of unnecessary or duplicative items. Additionally, the District considers consolidating or breaking out procurements to obtain a more economical purchase. And, where appropriate, the District makes an analysis of leases versus purchase alternatives, and other appropriate analyses to determine the most economical approach. 2 CFR § 200.318(d)

These considerations are given as part of the process to determine the allowability of each purchase made with federal funds. See *II. Financial Management Standards, F. Expending Grant Funds, Determining Allowability of Costs*, for written procedures on determining allowability.

### **Use of Intergovernmental Agreements**

To foster greater economy and efficiency, the District enters into state and local intergovernmental agreements where appropriate for procurement or use of common or shared goods and services. 2 CFR § 200.318(e). This includes cooperative purchasing agreements as well as shared services arrangements (SSAs) where practical and beneficial. Cooperative purchasing is described in section 3.5 of *Module 3*. SSAs as they pertain to a particular grant program are described in section 1.3.1 of *Module 1 (FAR)*.

The Director of Purchasing & Warehouse determines when and if it is more cost efficient or effective to enter into intergovernmental agreements, including cooperative purchasing agreements and/or SSAs.

### **Use of Federal Excess and Surplus Property and Procurement of Recovered Materials**

The District considers the use of federal excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs. 2 CFR § 200.318(f).

*Procurement of Recovered Materials:* In addition, the District complies with section [6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act](#). 2 CFR § 200.322. The requirements of section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at [40 CFR Part 247](#) that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition. The requirements apply to state and local governments, including school districts, and include the purchase of everyday items such as paper products, non-paper office products, office furniture, floor mats, and awards and plaques, as well as many other items, where the purchase price of the item exceeds \$10,000 or the value of the quantity acquired by the preceding fiscal year exceeded \$10,000. Requirements also include

- procuring solid waste management services in a manner that maximizes energy and resource recovery and
- Establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.

Pursuant to section 6002, the decision *not* to procure recovered materials must be based on a determination that such procurement items—

- A. are not reasonably available within a reasonable period of time;
- B. fail to meet the performance standards set forth in the applicable specifications or fail to meet the reasonable performance standards of the District; or
- C. Are only available at an unreasonable price. Any determination under subparagraph (B) shall be made on the basis of the guidelines of the Bureau of Standards in any case in which the material is covered by the guidelines.

### **Awarding Contracts to Responsible Contractors**

The District awards contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. The District considers such matters as contractor integrity and business ethics, compliance with public policy, ability to complete the project on time and in accordance with specifications, record of past performance, and the contractor's financial and technical resources. 2 CFR § 200.318(h)

The District will check references where possible and engage in practical activities such as checking with the local Better Business Bureau and the Texas Attorney General's office to ensure there are no outstanding complaints against the contractor.

The District will award a contract to a contractor who has the appropriate experience, expertise, qualifications, and any required certifications, necessary to perform the work. Contractors should also have the financial resources to sustain the project while the initial work is being completed and during each service period until he or she submits invoices for payment to the District as work is completed (for example, at the end of each month). Contractors should have the proper equipment or the capability to subcontract for the proper equipment necessary to complete the contracted work. For example, if the contractor is to develop curriculum guidelines on a computer, the contractor should already have his or her own computer with the appropriate software.

*Debarment and Suspension:* The District will not subcontract with or award subgrants to any person or company who is debarred or suspended from receiving federal funds. The Director of Purchasing is required to check for excluded parties at the System for Award Management (SAM) website before any procurement transaction paid with federal funds. This list is located at: <http://www.sam.gov/>. [2 CFR Part 180](#) and [2 CFR Part 3485](#).

### *State Rules for Selecting Vendors*

In addition to federal standards for making awards only to responsible contractors, TEC § 44.031 establishes nine criteria that school districts must use in determining contract awards to vendors, whether using state, local, or federal funds. All nine criteria must be considered *unless federal law prohibits it or is more restrictive as noted below*. These criteria are as follows:

- (1) the purchase price
- (2) the reputation of the vendor and of the vendor's goods or services

- (3) the quality of the vendor's goods or services
- (4) the extent to which the goods or services meet the district's needs
- (5) the vendor's past relationship with the district
- (6) the impact on the ability of the district to comply with laws and rules relating to historically underutilized businesses
- (7) the total long-term cost to the district to acquire the vendor's goods or services
- (8) for a contract for goods and services, other than goods and services related to telecommunications and information services, building construction and maintenance, or instructional materials, whether the vendor or the vendor's ultimate parent company or majority owner:
  - (A) has its principal place of business in this state; or
  - (B) employs at least 500 persons in this state

(**Note:** Federal requirements prohibit geographic preference when purchasing with federal funds. Therefore, *this requirement cannot be used to select a contractor when the purchase is made with federal funds.*)
- (9) any other relevant factor specifically listed in the request for bids or proposals. Factors that a school district may consider under this criteria would include vendor response time and compatibility of goods/products purchased with those already in use in the district.

### Contract Provisions

In all federally-funded contracts, the District includes the applicable provisions described in [Appendix II to 2 CFR Part 200 – Contract Provisions for non-Federal Entity Contracts under Federal Awards](#). 2 CFR § 200.326. Provisions include the following:

1. All contracts paid from state or federal grants administered by TEA must retain copyright for the Texas Education Agency (TEA) and for the federal government (if a federally funded contract) unless otherwise negotiated in writing with TEA. Pursuant to the provisions in 2 CFR § 200.315, title to intangible property vests in the District as long as such property is used for authorized purposes. However, TEA and the federal awarding agency reserve a royalty-free, nonexclusive and irrevocable right to reproduce, publish, or otherwise use the work for federal purposes, and to authorize others to do so.
2. All contracts greater than \$150,000 must address administrative, contractual, or legal remedies.
3. All contracts greater than \$10,000 must address termination for cause and for convenience.
4. All construction contracts must include the Equal Employment Opportunity clause.

5. All prime construction contracts in excess of \$2,000 must include a provision for compliance with the Davis-Bacon Act and its implementing regulations.
6. All contracts in excess of \$100,000 that involve the employment of mechanics or laborers must include a provision for compliance with the Contract Work Hours and Safety Standards Act and its implementing regulations.
7. All contracts that meet the definition of “funding agreement” and where the District wishes to enter into a contract with a small business firm or nonprofit organization must include a provision for compliance with the Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts, and Cooperative Agreements.
8. All contracts and subgrants greater than \$150,000 must contain a provision for compliance with the Clean Air Act and the Federal Water Pollution Control Act and their implementing regulations.
9. All contracts must include compliance with the Energy Policy and Conservation Act pertaining to mandatory standards and policies relating to energy efficiency contained in the state energy conservation plan.
10. A contract or subcontract must not be made to any party that is debarred or suspended from receiving federal funds.
11. Lobbying Certification and Disclosure of Lobbying (Byrd Anti-Lobbying Amendment) – All contractors that apply or bid for an award of \$100,000 or more must file the required Lobbying Certification that it has not and will not use any federal funds to lobby. If *non*-federal funds are used to lobby, the contractor must complete the Disclosure of Lobbying and forward the disclosure to the next tier, who must forward it through each tier to the federal awarding agency.
12. All contracts greater than \$10,000 must include compliance with section 6002 of the Solid Waste Disposal Act and its implementing regulations. 2 CFR § 200.322

The District also adheres to the best practices recommended by TEA as it pertains to professional services contracts paid from federal grants. See *III. Procurement System, G. Contract Administration*.

### **Maintenance of Procurement Records**

Per *Module 3* of [FASRG](#),

“accurate record-keeping and documentation should be a fundamental element of the procurement process. Precise and systematic record-keeping and records management withstands the constant scrutiny of various interest groups including vendors, the general public, and outside agencies as well as internal groups which are the users or customers of the purchasing system. This records management function should support the school district’s overall information management plan described in the Data Collection and Reporting module and generally provide for:

- Both the *flow and retention of forms* including requisitions, purchase orders, petty cash and cash reimbursement receipts.

- *Full documentation of all competitive procurements* with comprehensive competitive procurement files containing specifications, competitive procurement advertisement, pre-competitive procurement conference minutes (as appropriate), competitive procurements submitted, competitive procurement tabulation, board minutes indicating competitive procurement awards (or a similar award notice) and related records.
- *Full documentation of procurement procedures* utilized to obtain goods and services through competitive sealed proposals, design/build contracts and other procurement options.
- *Documentation of price quotations* obtained when purchasing with federal funds.

The records management function may rely on electronic formats including automated systems, diskettes, CD-ROM, imaging and microfiche. Alternatively, it may use hard copy or a combination of methods.”

Therefore, the District will select the methods best suited to its needs.

In addition, in accordance with federal standards, the District maintains records sufficient to detail the history of all federal procurements, including but not necessarily limited to, the following:

- the method of procurement and the rationale for choosing that method (i.e., the reason the District chose procurement by micro-purchase, small purchase procedures, sealed bid, competitive proposals, or noncompetitive proposals)
- the type of contractual agreement or instrument used and rationale for using that type
- the process used to either select the contractor or to reject the contractor (what was the process and what were the factors considered in selecting or rejecting the contractor; this must be in writing)
- the basis used for determining the price of the contract (including a cost or price analysis), and
- verification that the contractor is not suspended or debarred. 2 CFR § 200.318(i)

Please see section *VII. Record Keeping* for more information on the District’s records management policies. All records are maintained in the purchasing office.

### **Time and Materials Contracts**

Time and materials contracts are a hybrid of fixed-price and cost-reimbursement contracts. They present the highest risk to the government and the lowest risk to the contractor. Therefore, they are the *least* desirable for the federal or state government and are rarely awarded. 2 CFR § 200.318(j)

Time and materials type contract means a contract whose cost to the District is the sum of: the actual costs of materials, and direct labor hours charged at fixed hourly rates that reflect wages, general and administrative expenses, and profit.

Since this formula generates an open-ended contract price, a time-and-materials contract provides no positive profit incentive to the contractor for cost control or labor efficiency. In other words, the contractor is saying it will work until the task is completed, but it has no idea how long it will take, nor how much money it will cost. This obviously can be very cost prohibitive and can encourage fraudulent behavior by some unscrupulous contractors. Therefore, federal regulations permit the use of a time and materials contract only after a determination is made that no other contract is suitable and only if the contract includes a ceiling price that the contractor exceeds at its own risk. Further, the District must assert a high degree of oversight in order to obtain reasonable assurance that the contractor is using efficient methods and effective cost controls.

The District may use a time and materials type contract paid with federal funds in accordance with the above and *only* (1) after a determination that no other contract is suitable; and (2) if the contract includes a ceiling price that the contractor exceeds at its own risk.

#### **Settlements of Issues Arising Out of Procurements**

The District alone is responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising out of procurements made with federal funds. 2 CFR § 200.318(k). These issues include, but are not limited to, source evaluation (i.e., analyzing information *sources* in order to assess their credibility), protests, disputes, and claims. These standards do not relieve the District of any contractual responsibilities under its contracts. Violations of law will be referred to the local, state, or federal authority having proper jurisdiction. The Director of Purchasing & Warehouse in the District is the primary office responsible for handling and coordinating the settlement of any contractual and administrative issues arising out of procurements.

#### **Protest Procedures to Resolve Disputes**

The District maintains protest procedures to handle and resolve disputes relating to procurements made with federal funds and, in all instances, discloses information regarding the protest to TEA or other awarding agency. 2 CFR § 200.318(k). The protestor must exhaust all administrative remedies with the District before pursuing a protest with a federal agency. The Director of Purchasing & Warehouse in the District is the primary office responsible for handling and coordinating any disputes relating to procurements.

### **D. Responsibility for Purchasing**

The Director of Purchasing & Warehouse is responsible for overseeing all procurements of the District. This includes development and revision of the policies and procedures related to the purchasing function, training staff in how to use and implement the policies and procedures, and monitoring for employee compliance with policies and procedures. It also includes reporting any potential or realized conflicts of interest to TEA and implementing the appropriate sanctions or disciplinary actions for employees who fail to comply with the policies and procedures.

The Grant Managers have the authority to initiate purchases. This position can delegate purchasing authority to responsible individuals within their department. The Purchasing department will be responsible for processing contracts/purchase orders. The Business Office and Purchasing department will make the final determination on any proposed purchase where budgetary or other conditions may result in denial.

For purchases with federal funds, the Grant Managers review and approve all proposed purchases related to the federal program for which he or she is responsible.

### E. Purchase Methods When Using Federal Funds

In some situations, the federal requirements pertaining to purchasing methods are more restrictive than state of Texas requirements. In other situations, the state requirements are more restrictive than the federal requirements. Therefore, when determining the method that must be used in a particular purchasing situation, the more restrictive method or requirement must be used in each case.

#### **State Requirements Related to Purchasing Methods**

Unless otherwise more restrictive in federal law for procurement with federal funds, the District complies with the purchasing methods prescribed in TEA's [FASRG](#) and in state law for all purchases regardless of the funding source (i.e., state, local, or federal).

Texas Education Code § 44.031 (a) states that all school district contracts for the purchase of goods and services valued at **\$50,000 or more** in the aggregate, for each 12-month period are to be made by the method that provides the best value to the district. This does not apply to contracts for the purchase of produce or vehicle fuel.

The law enumerates several options for competitive procurement that are available to school districts. One of these options must be used for contracts expected to equal or exceed \$50,000 regardless of the funding source (i.e., state, local, or federal):

- (1) competitive bidding
- (2) competitive sealed proposals
- (3) request for proposals, for services other than construction services
- (4) interlocal contracts
- (5) design-build contracts
- (6) contract to construct, rehabilitate, alter, or repair facilities that involve using a construction manager
- (7) a job order contract for the minor construction, repair, rehabilitation, or alteration of a facility
- (8) reverse auction procedure as defined by Section 2155.062(d), Government Code; or

- (9) the formation of a political subdivision corporation under Section 304.001, Local Government Code."

### **Professional and Consulting Services**

Several exceptions to following one of these competitive procurement methods are identified in TEC § 44.031. This section does not apply to a contract for *professional services* rendered, including services of an architect, attorney, certified public accountant, or engineer (which must be selected in accordance with [Chapter 2254 of the Government Code](#).) A school district may, at its option, contract for professional services rendered by a *financial consultant* or a *technology consultant* in the manner provided by Section 2254.003, Government Code, in lieu of the methods provided by this section.

The federal cost principles (specifically in 2 CFR § 200.459) broadly define *professional and consultant services* as those services rendered by persons who are members of a particular profession or possess a special skill, and who are not officers or employees of the District.

*Professional services* are further defined in the *Handbook on Purchasing* as "infrequent, technical, and/or unique functions performed by independent contractors whose occupation is the rendering of such services." Finally, professional services as described in [Attorney General Opinion DM-418](#), referenced in the *Handbook*, includes not only the services of lawyers, physicians, or theologians, "but also those members of disciplines requiring special knowledge or attainment and a high order of learning, skill, and intelligence including guest speakers, consultants, writers, and artists." A professional is only one who "is a member of [a] discipline with widely accepted standards of required study or specified attainments in special knowledge as distinguished from mere skill." Id. (quoting Wooddell, 230 S.E.2d at 470).

Certain *professional services*, specifically those covered under Chapter 2254, Subchapter A of the Texas Government Code, (i.e., architects, CPAs, registered engineers, optometrists, physicians, surgeons, land surveyors, landscape architects, registered nurses and state certified or state licensed real estate appraisers) are not selected based on competitive bidding. Rather, they must be selected based on demonstrated competence and qualifications obtained through a *Request for Qualifications* or similar document. After the District makes its selection based on demonstrated competence and qualifications, a fair and reasonable price for the services is then negotiated and agreed upon.

*Consulting services*: According to FAR (Module 1 of TEA's [FASRG](#)), consulting services

"refer to the practice of helping districts to improve performance through analysis of existing problems and development of future plans. Consulting may involve the identification and cross-fertilization of best practices, analytical techniques, change management and coaching skills, technology implementations, strategy development, or operational improvement. Consultants often rely on their outsider's perspective to provide unbiased recommendations. They generally bring formal frameworks or methodologies to identify problems or suggest more effective or efficient ways of performing tasks. Consulting services cover all functional areas such as instruction, curriculum, and administration.

Consulting does not include a routine service/activity that is necessary to the functioning of a school district's programs, such as hiring additional people on contract to supplement present staff. It also does *not* apply to services provided to conduct organized activities (such as training or other similar educational activities.)"

The District shall use a consultant only if the services of the consultant are necessary to accomplish the objectives of the particular program/project, the fees are reasonable in cost, and the District cannot meet the needs by using an employee. 34 CFR 75.515. For example, an employee may have the knowledge, skills, and capability to provide the consulting services, but the employee may not have the time in an already-busy schedule to provide the consulting services in the time required.

Under IRS rules, a person cannot work part of the time as an employee, and part of the time as a contractor/consultant. If an employee provides additional services above and beyond his or regular contracted hours and regular job responsibilities, the employee is paid *extra-duty pay* in accordance with the District's employee compensation policy, and not a fee based on a contract.

#### **Allowable Professional Service Costs**

Professional and consultant services are allowable to be purchased with federal funds when reasonable and when the District considers the following factors:

- The nature and scope of the service rendered in relation to the service required;
- The necessity of contracting for the service, considering the District's capability in the particular area;
- The past pattern of such costs, particularly in the years prior to federal awards;
- The impact of federal awards on the District's business (i.e., what new problems have arisen);
- Whether the proportion of federal work to the District's total business is such as to influence the District in favor of incurring the cost, particularly where the services rendered are not of a continuing nature and have little relationship to work under federal awards;
- Whether the service can be performed more economically by direct employment rather than contracting;
- The qualifications of the individual or concern rendering the service and the customary fees charged, especially on non-federally funded activities; and
- The adequacy of the contractual agreement for the service (e.g., description of the service, estimate of time required, rate of compensation, and termination provisions).

#### **Purchasing Goods or Services with Federal Funds**

In accordance with [2 CFR Part 200, Subpart E, Cost Principles](#), all purchases made with federal funds, regardless of the method of purchase, must be determined to be:

- *reasonable* in cost (comparable to current fair market value)
- *necessary* to carry out the objectives of the federal program

- *allowable* under the federal cost principles and the terms and conditions of the award
- *allocable* (chargeable or assignable) to the grant program based on the relative benefits received

Prior to each purchase and for each proposed purchase, on each purchase order, purchase requisition, contract, invoice, receipt, travel voucher, or other documentation for obligations, encumbrances, or expenditures, the District documents these criteria are met in the following manner regardless of the purchase method used:

The Director of Purchasing & Warehouse and Director of Accounting verifies the proposed purchase is *reasonable in cost* (i.e., comparable to current fair market value).

The program manager/director assigned to the grant verifies the proposed purchase is necessary to accomplish the objectives of the grant program in that the expenditure is vital or required for the grant program to be successful.

### **Five Methods for Procuring with Federal Funds**

2 CFR § 200.320 provides for five methods that must be used when making purchases with federal funds. In some cases, these *federal* methods are less restrictive than *state* requirements; in other cases, the *state* requirements are more restrictive than these *federal* methods. Additionally, if *local* requirements are more restrictive than either state or federal, then local requirements must be followed. In all cases, the more restrictive requirements or methods must be followed when making purchases with federal funds.

The type of purchase method and procedures required depends on the cost (and type, in some cases) of the item(s) or services being purchased.

- Micro-purchase
- Small purchase procedures
- Sealed bids
- Competitive proposals
- Noncompetitive proposals (sole source)

Specific instructions are outlined in the District's Purchasing Manual.

### **Micro-Purchases (Purchases up to \$3,500)**

Federal methods provide for procurement by *micro-purchase*. *Micro-purchase* is defined in 2 CFR § 200.320(a) as a purchase of supplies or services using simplified acquisition procedures, the aggregate amount of which does not exceed \$3,500. The micro-purchase method is used in order to expedite the completion of its lowest-dollar small purchase transactions and minimize the associated administrative burden and cost.

In accordance with federal requirements, micro-purchases may be awarded without soliciting competitive quotations *if the District considers the price to be reasonable*. Also, when using federal funds, to the extent practicable, the District must distribute micro-purchases equitably among qualified suppliers.

### **Small Purchase Procedures (Purchases between \$3,501 and \$49,999 in the Aggregate)**

The *federal* threshold for *small purchase procedures* is \$150,000. 2 CFR § 200.320(b). However, with some exceptions noted in TEC § 44.031, the *state* threshold for all school district contracts that do not require competitive bidding is less than \$50,000 in the aggregate. Therefore, the more restrictive *state* threshold of less than \$50,000 must be followed.

*Small purchase procedures* (as defined in 2 CFR § 200.320[b]) may be used in those relatively simple and informal procurement methods for securing nonprofessional services, supplies, or other property that do not cost more than \$50,000.

For purchases funded from *state or local funds*, to obtain the most competitive price, a district, *may* at its option, obtain price quotes for items costing less than \$50,000. Per *Module 3*, the district's purchasing procedures should clearly define the lower figure for which quotes are required and obtain and retain written verification of the prices quoted. Unlike the mandatory competitive procurement described for purchases over \$50,000, if an item to be paid from *state or local funds* costs less than \$50,000, a district may utilize price quotations to stimulate competition and to attempt to receive the most favorable pricing.

However, if using *federal funds* to purchase goods or services, *price or rate quotations must be obtained* from an adequate number of qualified sources for all purchases between \$3,501 and \$49,999. Such price or rate quotations must be documented in writing, and the District must demonstrate that price or rate quotations were obtained from an adequate number of qualified sources.

### **Purchases \$50,000 or More in the Aggregate**

According to Texas law, one of the following competitive methods must be used for purchases of \$50,000 or more in the aggregate:

- (1) competitive bidding
- (2) competitive sealed proposals
- (3) request for proposals, for services other than construction services
- (4) interlocal contracts
- (5) design-build contracts
- (6) contract to construct, rehabilitate, alter, or repair facilities that involve using a construction manager
- (7) a job order contract for the minor construction, repair, rehabilitation, or alteration of a facility
- (8) reverse auction procedure as defined by Section 2155.062(d), Government Code; or
- (9) the formation of a political subdivision corporation under Section 304.001, Local Government Code.

Each of these competitive methods is described more thoroughly in *Module 3* of [FASRG](#).

In addition, *one of the three following methods must be used*, depending on the circumstance described below, when purchasing with *federal funds*: sealed bids (formal advertising); competitive proposals; or noncompetitive proposals (sole source).

#### *Sealed Bids (Formal Advertising)*

Bids are publicly solicited and a *firm fixed-price contract* (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price. The sealed bid method is the preferred method for procuring construction, if the following conditions apply:

- A complete, adequate, and realistic specification or purchase description is available;
- Two or more responsible bidders are willing and able to compete effectively for the business; and
- The procurement lends itself to a firm fixed-price contract and the selection of the successful bidder can be made principally on the basis of price.

If sealed bids are used, the following requirements apply:

- Bids must be solicited from an adequate number of known suppliers, providing them sufficient response time prior to the date set for opening the bids. The invitation for bids must be publically advertised.
- The invitation for bids, which will include any specifications and pertinent attachments, must define the items or services in order for the bidder to properly respond.
- All bids will be opened at the time and place prescribed in the invitation for bids. The bids must be opened publicly.
- A firm fixed-price contract award must be made in writing to the lowest responsive and responsible bidder.

Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs must be considered in determining which bid is lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of. Any or all bids may be rejected if there is a sound documented reason.

#### *Competitive Proposals*

A competitive proposal is normally used with more than one source submitting an offer, and either a *fixed price* or a *cost-reimbursement* type contract is awarded. (A *cost reimbursement contract* reimburses the contractor for actual costs incurred to carry out the contract.) Competitive proposals are generally used when conditions are not appropriate for the use of sealed bids. If this method is used, the following requirements apply:

- Requests for proposals must be publicized and identify all evaluation factors and their relative importance. Any response to publicized requests for proposals must be considered to the maximum extent practical.
- Proposals must be solicited from an adequate number of qualified sources.
- The District must have a written method for conducting technical evaluations of the proposals received and for selecting recipients.
- Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered.

When using federal funds, the District may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby competitors' qualifications are evaluated and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. The method, where price is not used as a selection factor, can only be used in procurement of A/E professional services. It cannot be used to purchase other types of services though A/E firms are a potential source to perform the proposed effort.

#### *Noncompetitive Proposals (Sole Sourcing)*

Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used when using federal funds only when one or more of the following circumstances apply:

- The item is available only from a single source and an equivalent cannot be substituted. This must be documented.
- The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation.
- TEA (or other federal awarding agency) expressly authorizes noncompetitive proposals in response to a written request from the District.
- After solicitation of a number of sources, competition is determined inadequate.

Additionally, *state* requirements related to sole source purchasing are, in some ways, more restrictive. In addition to the federal requirements above, sole source purchases must meet established criteria:

- Identification and confirmation that competition in providing the item or product to be purchased is precluded by the existence of a patent, copyright, secret process or monopoly;
- A film, manuscript, or book;
- A utility service, including electricity, gas, or water; and
- A captive replacement part or component for equipment.

According to state requirements, sole source does not apply to mainframe data-processing equipment and peripheral attachments with a single item purchase price in excess of \$15,000.

In all cases, the District will obtain and retain documentation from the vendor which clearly delineates the reasons which qualify the purchase to be made on a sole source basis.

### **Cost/Price Analysis for Federal Procurements in Excess of \$150,000**

In accordance with the requirements in 2 CFR § 200.323, the District will make independent estimates of the goods or services being procured *before* receiving bids or proposals to get an estimate of how much the goods and services are valued in the current market.

To accomplish this, *after* bids and proposals are received, but *before awarding a contract*, the District conducts either a *price analysis* or a *cost analysis*, depending on the type of contract, in connection with every procurement with federal funds in excess of \$150,000. The method and degree of analysis is dependent on the facts surrounding the particular procurement situation; however, the District will come to an independent estimate prior to receiving bids or proposals. 2 CFR § 200.323(a). The *cost analysis* or *price analysis, as appropriate for the particular situation*, will be documented in the procurement files.

Accordingly, the District performs a *cost or price analysis* in connection with every *federal* procurement action in excess of \$150,000, including contract modifications, as follows:

**Cost Analysis → Non-competitive Contracts:** A *cost analysis* involves a review of proposed costs by expense category, and the federal cost principles apply, which includes an analysis of whether the costs are allowable, allocable, reasonable, and necessary to carry out the contracted services. In general,

- A *cost analysis* must be used for all *non-competitive contracts*, including sole source contracts.
- The federal cost principles apply.
- All *non-competitive contracts* must also be awarded and paid on a *cost-reimbursement basis*, and not on a fixed-price basis.
- In a cost-reimbursement contract, the contractor is reimbursed for reasonable actual costs incurred to carry out the contract.
- Profit must be negotiated as a separate element of the price in all cases where there is no competition.

When performing a *cost analysis*, the Director of Purchasing & Warehouse negotiates profit as a separate element of the price. To establish a fair and reasonable profit, consideration is given to the complexity of the work to be performed, the risk borne by the contractor, the contractor's investment, the amount of subcontracting, the quality of its record of past performance, and industry profit rates in the surrounding geographical area for similar work. 2 CFR § 200.323(b).

**Price Analysis → Competitive Contracts:** A *price analysis* determines if the lump sum price is fair and reasonable based on current market value for comparable products or services. In general,

- A price analysis can only be used with *competitive* contracts and is usually used with fixed-price contracts. It cannot be used with non-competitive contracts.
- Compliance with the federal cost principles is not required for fixed-price contracts, but total costs must be reasonable in comparison to current market value for comparable products or services.
- A competitive contract may be awarded on a fixed-price basis or on a cost-reimbursement basis. If awarded on a cost-reimbursement basis, the federal cost principles apply and costs are approved by expense category, and not a lump sum.

Costs or prices based on *estimated* costs for contracts are allowable only to the extent that costs incurred or cost estimates included in negotiated prices would be allowable costs under the federal cost principles.

#### F. Purchase Cards (District-Issued Credit Cards/Pro Cards)

The District does not utilize purchase cards for federal funds. Purchase cards are not issue to teachers and campus administrators. Before district issued credit cards can be used for federal purchases, it must be encumbered through a purchase order. Central administration card holders will initiate the purchase. Bank credit cards are held in central administration for use by only authorized users. Store and gas cards are issued to staff as needed with authorized purchase order. Gift cards will not be utilized.

#### G. Contract Administration

The District maintains the following oversights to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders. 2 CFR § 200.318(b).

To ensure proper administration of contracts and any subgrants that may be awarded by the District, the District uses the following guidelines to determine whether each agreement it makes for the disbursement of federal funds is a *contract*, whereby funds are awarded to a *contractor*, or a *subaward*, whereby funds are awarded to a *subrecipient*. The substance of the relationship is more important than the form of the written agreement. 2 CFR § 200.330

##### *Subawards/Subgrants*

A *subaward/subgrant* is for the purpose of carrying out a portion of a federal award and creates a federal assistance relationship with the subrecipient. The District determines who is eligible to receive what federal assistance, and a *subrecipient/subgrantee*:

- Has its performance measured in relation to whether objectives of a federal program are met
- Has responsibility for programmatic decision making
- Is responsible for adhering to applicable federal program requirements, and

- In accordance with the subgrant agreement, uses the federal funds to carry out a program for a public purpose specified in authorizing statute, as opposed to providing goods or services for the District.

### *Contracts*

A *contract* is for the purpose of obtaining goods or services for the District's own use and creates a procurement relationship with the contractor. A *contractor*:

- Provides goods and services within normal business operations
- Provides similar goods or services to many different purchasers
- Normally operates in a competitive environment
- Provides goods or services that are ancillary to the operation of the federal program, and
- Is not subject to compliance requirements of the federal program as a result of the contract, though similar requirements may apply for other reasons.

The District complies with the following *best practices* recommended by TEA for all *professional services contracts* paid with federal funds:

1. The effective dates (i.e., beginning and ending dates) of the contract are within the effective dates of the federal award as stated on TEA's NOGA. A contract may be *negotiated* prior to the effective date of the award, but it may not be signed or be effective until on or after the effective date stated on the NOGA.
2. The District may sign a *letter of intent* with the potential contractor prior to the issuance of the NOGA. The letter of intent must contain a provision that the pending contract is contingent upon receipt of the specific NOGA.
3. To ensure the potential contract is approved by TEA, the contract shall not be signed until after the NOGA is received by the District.
4. The contract will contain the following provisions (in addition to the Contract Provisions required and identified in *III. Procurement System, C. Federal Procurement System Standards, Contract Provisions*.
  - a. All services will be completed during the effective dates of the contract.
  - b. All services will be paid only upon receipt of a proper invoice that coincides with the contract upon verification that the services were satisfactorily performed in accordance with the description in the contract. For ongoing services, payment may be made at the end of every month upon receipt of the invoice. Contractors will not be paid in advance.
  - c. The contract specifies that the invoice provided by the contractor will include the list of services provided, dates of services, and location(s) where services were provided during the billing period.
  - d. The District complies with the regulations pertaining to procurement in 2 CFR § 200.318 - .323.

- e. The District complies with the provisions in 2 CFR § 200.459 pertaining to allowable professional service costs.
- f. The contract identifies the funding source(s) that will be charged for the services provided, including the specific amount and/or percentage of the total contract amount to be charged to each funding source.
- g. The contract identifies and lists only reasonable, necessary, and allocable services to be provided in accordance with the funding sources that will be charged.
- h. The administrative costs charged to the grant in the contract must be reasonable and must comply with any statutory limitations for administrative costs specified in the federal program funding source.

Additionally, the District complies with the *Standards of Conduct* and *Conflict of Interest* policies and procedures related to procurement, including the mandatory disclosure of any potential or real conflicts of interest. (See section III. *Procurement System, A. Conflict of Interest Requirements.*)

### **Documentation for Contracts**

Grant Managers are responsible for obtaining or creating and maintaining contracts paid for with federal funds. Documentation for contracts must be The District maintains the following written documentation, at a minimum, for each contract paid with federal funds:

1. A copy of the written, signed contract/agreement for services to be performed
2. The rationale or procedure for selecting a particular contractor
3. Evidence the contract was made only to a contractor or consultant possessing the ability to perform successfully under the terms and conditions of the contract or procurement
4. Records on the services performed – date of service, purpose of service – ensuring that services are consistent and satisfactorily performed as described in the signed contract or purchase order
5. Documentation that the contractor was *not paid before services were performed*, and
6. Records of all payments made (such as a spreadsheet or report generated from the general ledger), including the total amount paid to the contractor.

### **Payment Only After Services Are Performed**

For both state and federally funded contracts, it is not permissible under Texas law to pay a contractor or consultant in *advance* of performing services. Advance payment to contractors is considered “lending credit” to the contractor and is prohibited under the *Texas Constitution*, Article 3, §§ 40 and 52. For ongoing services that occur monthly, payment can be made at the end of every month (based on a proper invoice submitted by the contractor and verification of work performed) for services performed during the month, or some other similar arrangement.

Consultants and contractors will not be paid without having a properly signed and dated contract or other written agreement in place which clearly defines the scope of work to be performed, the beginning and

ending dates of the contract, and the agreed-upon price. The contract should also include a description of the payment procedures.

Upon performance of services (monthly or upon completion of services), the contractor is required to submit an *invoice* to the District that contains at a minimum the following:

- a clear identification of the contractor/consultant, including name and mailing address
- a corresponding contract (or written agreement) number, if applicable
- the dates (beginning and ending date) during which the services were performed (i.e., billing period)
- a description of the services/activities completed during the billing period
- the total amount due to the contractor for the billing period

By submitting a properly-prepared invoice, the contractor is certifying that it is true and correct.

#### **Verification of Receipt of Goods and Services Provided by Contractors**

If the purpose of the contract or purchase order is to deliver goods, the Grant Managers in the various departments will verify that the quantity and quality of goods were received as specified in the contract/purchase order. The receiving report and procedures used in all other state/local purchases will be used for all federal purchases.

If the purpose of the contract is to purchase services, the Grant Managers in the various departments will verify that the quality and scope of services were received as specified in the contract.

#### **Prompt Payment to Vendors/Contractors**

The District pays all vendors/contractors within 30 days of receipt of a proper invoice and the receipt of the goods or services in accordance with the [Texas Prompt Payment Act](#), *Government Code, Chapter 2251, Subchapter A*, for all contractors, and [Property Code, Chapter 28 for Construction Contractors](#).

## **H. Submission of Procurement System**

In accordance with 2 CFR § 200.324(b), the District will make available upon request from TEA all procurement documents for pre-procurement review, such as requests for proposals or invitations for bids, or independent cost estimates.

In addition, the District may request (in accordance with the process established by TEA) that its procurement system be reviewed by TEA to determine whether the system meets federal standards in order for the system to be certified. The District may also self-certify its procurement system in accordance with the provisions in 2 CFR § 200.324(c), which does not preclude TEA's right to survey the system.

## IV. Property Management Systems

### A. Property Classifications

Equipment means tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the District for financial statement purposes, or \$5,000. 2 CFR § 200.33. The District's capitalization level is \$5,000.

Supplies means all tangible personal property other than those described in §200.33 Equipment. A *computing device* is a supply if the acquisition cost is less than \$5,000, regardless of the length of its useful life. 2 CFR § 200.94.

Computing devices means machines 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. 2 CFR § 200.20.

Capital assets means tangible or intangible assets used in operations having a useful life of more than one year which are capitalized in accordance with GAAP. Capital assets include:

- Land, buildings (facilities), equipment, and intellectual property (including software) whether acquired by purchase, construction, manufacture, lease-purchase, exchange, or through capital leases; and
- Additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations or alterations to capital assets that materially increase their value or useful life (not ordinary repairs and maintenance). 2 CFR § 200.12.

### B. Inventory Procedure

When new inventory is received in the warehouse, the warehouse receiver inspects the property to make sure it's in good condition when it arrives and that it matches what is listed on the purchase order and invoice. The Coordinator of Fixed Assets will log the equipment into the property management system.

When new Technology equipment is received in the Technology department, the Technology personnel inspects the property to make sure it's in good condition when it arrives and that it matches what is listed on the purchase order and invoice. The Technology personnel will log the equipment into the property management system.

Office/school and Technology equipment (deemed a sensitive item) is tagged by Technology personnel and Coordinator of Fixed Assets. All equipment over \$500 must be tagged. Computing devices, including highly desirable mobile devices such as laptops, smartphones, and tablets, are tagged and tracked.

### C. Inventory Records

For each equipment and computing device purchased with federal funds, the following information is maintained electronically and the Fixed Asset coordinator and/or Technology staff member will be responsible for entering the information below:

- Serial number or other identification number
- Source of funding for the property
- Who holds title\*
- Acquisition date and cost of the property
- Percentage of federal participation in the project costs for the federal award under which the property was acquired
- Location, use, and condition of the property, and
- Any ultimate disposition data including the date of disposal and sale price of the property.

\*Pursuant to federal regulations, the District holds a *conditional title* for equipment purchased with federal funds unless a statute specifically authorizes a federal agency to vest title in the District without further obligation to the federal government. Title will vest in the District as long as:

- the District uses the equipment for the authorized purposes of the project until funding for the project ceases, or until the property is no longer needed for the purposes of the project
- the District does not encumber the property without approval of TEA or other awarding agency, and
- the District uses and disposes of the property in accordance with federal rules.

When property is sold, lost or stolen, the Director of Purchasing & Warehouse will make the adjustment to the inventory records.

### D. Physical Inventory

A physical inventory of the property is taken and the results reconciled with the property records every year.

The Director of Purchasing & Warehouse and the Fixed Asset Coordinator will conduct the annual inventory audit. Any differences will be recorded and if adjustments are necessary, documentation supporting these adjustments will be kept with the Fixed Asset Coordinator.

### **E. Equipment Insurance and Maintenance of Equipment**

The District insures equipment acquired or improved with federal funds at the same levels and in accordance with the same policies as provided to equipment purchased with state or local funds unless required to be insured by terms and conditions of the federal grant. 2 CFR § 200.310.

In accordance with 2 CFR § 200.313(d)(4), the District maintains adequate maintenance procedures to ensure that property is kept in good condition. The District expects all employees to properly maintain the equipment they operate and report issues when they occur.

### **F. Lost or Stolen Items**

The District maintains a control system that ensures adequate safeguards are in place to prevent loss, damage, or theft of the property. Any loss, damage, or theft is investigated in accordance with the following procedures. 2 CFR § 200.313(d)(3)

The District maintains a camera system district wide that allows the monitoring of all facilities in case there is property reported missing. All computing devices have bar codes applied that are marked as property of Duncanville ISD. If and/or when property is missing and the Police are needed, the Security department will notify the Police of the incident and a report is filed. All who have computing devices checked out to them are solely responsible for the replacement costs of that device.

### **G. Use of Equipment**

Equipment will be used in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by the federal award. The District will not encumber the property without prior approval of TEA and the federal awarding agency.

When no longer needed for the original program or project, the equipment may be used in other activities supported by the federal awarding agency, in the following order of priority: (1) activities under a federal award from the federal awarding agency which funded the original program or project; then (2) activities under federal awards from other federal awarding agencies.

Equipment no longer needed for original intent will be redistributed to another location where needed in accordance with grant purposes. The equipment will be transferred in the fixed assets database for inventory purposes.

During the time equipment is used on the project or program for which it was acquired, the equipment will also be made available for use on other projects or programs currently or previously supported by the federal government, provided that such use will not interfere with the work on the projects or program for which it was originally acquired. First preference for other use must be given to other programs or projects supported by the federal awarding agency that financed the equipment. Second preference is given to programs or projects under federal awards from other federal awarding agencies. Use for non-federally funded programs or projects is also permissible. However, the original purchase of any equipment to be used in other programs will be properly allocated (i.e., prorated) among the applicable funding sources.

## H. Disposal of Equipment and Supplies

### Equipment

In accordance with 2 CFR §200.313(e), when it is determined that original or replacement equipment acquired under a federal award is no longer needed for the original project or program or for other activities currently or previously supported by a federal awarding agency, the Director of Purchasing & Warehouse will contact the TEA Chief Grants Administrator or other awarding agency for disposition instructions.

Generally, disposition of equipment is dependent on its fair market value (FMV) at the time of disposition.

- An item that has a current FMV of **\$5,000 or less**, may be retained, sold, or otherwise disposed of with no further obligation to TEA or other federal awarding agency. However, TEA must still approve disposition in accordance with specified procedures.
- If an item has a current FMV of **more than \$5,000**, TEA or other federal awarding agency is entitled to the federal share of the current market value or sales proceeds. Pursuant to the provisions in 2 CFR § 200.313(d)(5), the District uses procedures to ensure the highest possible return. TEA must approve the disposition.

If acquiring replacement equipment, the District may use the equipment to be replaced as a trade-in or sell the property and use the proceeds to offset the cost of the replacement property.

Disposition of equipment will be properly recorded in the fixed asset inventory.

Additionally, TEA's [General Provisions and Assurances](#) for all grants (state and federal) administered by TEA contain the following provision:

**V. Capital Outlay:** If the Contractor purchases capital outlay (furniture and/or equipment) to accomplish the objective(s) of the project, title will remain with the Contractor for the period of the Contract. The Agency reserves the right to transfer capital outlay items for Contract noncompliance during the Contract period or as needed after the ending date of the Contract. This provision applies to any and all furniture and/or equipment regardless of unit price and how the item is classified in the Contractor's accounting record.

When equipment has been determined to be disposable, the Director of Purchasing & Warehouse will be responsible for the sales process of this equipment.

### **Supplies**

Supplies are all tangible property other than equipment. This includes computing devices. If there is a residual inventory of unused supplies exceeding \$5,000 in total aggregate value upon termination or completion of the project or program, and the supplies are not needed for any other federal award, the District will compensate the federal government for its fair share in accordance with procedures established by TEA. The Director of Purchasing & Warehouse will contact the TEA Chief Grants Administrator or other awarding agency for disposition instructions of supplies. 2 CFR § 200.314

## **V. Written Compensation Policies**

The District has written policy that addresses employee compensation. That policy is *DEA*.

### **Allowable Compensation**

Compensation for employees paid from federal funds will be in accordance with the established written policy for compensation for all employees, and the written policy will be consistently applied among all employees, whether paid from state, local, or federal funds. Compensation includes all remuneration, paid currently or accrued, for services of employees rendered during the period of performance under the federal award, including but not necessarily limited to wages and salaries. Compensation for personal services may also include fringe benefits.

Costs of compensation are allowable to be charged to a federal award to the extent that they satisfy the following requirements as specified in 2 CFR § 200.430 and that the total compensation for individuals:

1. Is reasonable for the services rendered and conforms to the established written policy of the District consistently applied to both federal and non-federal activities;
2. Follows an appointment made in accordance with the District's rules or written policies and meets the requirements of federal statute; and
3. Is determined and supported by documentation that meets the federal *Standards for Documentation of Personnel Expenses*.

**Reasonable Compensation**

Compensation for employees engaged in work on federal awards will be considered reasonable to the extent that it is consistent with that paid for similar work in other activities of the District. In cases where the kinds of employees required for the federal awards are not found in the other activities of the District, compensation will be considered reasonable to the extent that it is comparable to that paid for similar work in the labor market in which the District competes for the kind of employees involved.

**Professional Activities Outside the District**

Unless an arrangement is specifically authorized by TEA or other awarding agency, the District must follow its written policies and practices concerning the permissible extent District employees may provide professional services outside the District for non-District compensation. If a policy does not exist or does not adequately define the permissible extent of consulting or other non-District activities undertaken by an employee for extra outside pay, the federal government may require that the effort of professional staff working on federal awards be allocated between:

1. District activities and
2. Non-district professional activities.

If TEA or other awarding agency considers the extent of non-District professional effort excessive or inconsistent with the conflicts-of-interest terms and conditions of the federal award, appropriate arrangements governing compensation will be negotiated on a case-by-case basis.

Therefore, the District's policy which governs employees obtaining payment for performing professional services outside the District is incorporated into the District's written employee compensation policy. Any employee wishing to perform professional services outside the District and receive payment for such services by another entity must complete, sign and submit the *Conflict of Interest* form prior to agreeing to perform professional services outside the District. The purpose of the *Conflict of Interest* form is to disclose the nature of the professional services to be performed outside the district to ensure a conflict of interest does not exist for the District. The completed, signed form will be submitted to Assistant Superintendent of Human Resource for review and determination of whether a potential conflict of interest exists.

**Conflict of Interest Form**

During working hours, employees are expected to devote their full time and attention to the business and the affairs of the District.

If an employee wishes to engage in employment or business activity outside his/her employment with the District, the employee must first disclose to the District the nature and extent of the proposed employment or business activity and obtain the District's written approval. Approval will only be withheld if the District reasonably determines that the employee's proposed outside employment or business activity could conflict or

compete with the interests of the District or could negatively affect the employee's job performance or attendance.

By signing this policy, I acknowledge understanding of the above policy and acceptance of the policy guidelines and constraints.

---

Employee Signature and Date]

Failure by an employee to comply with this requirement is subject to disciplinary action up to and including termination.

The District complies with other requirements pertaining to allowable and unallowable costs as specified in 2 CFR § 200.430(d), (e), and (f), including:

1. Compensation for certain employees of cost-reimbursement contracts covered under 10 USC 2324(e)(1)(P); 41 USC 1127; and 41 USC 4304(a)(16);
2. Changes in compensation resulting in a substantial increase in the District's employees' level of compensation; and
3. Incentive compensation based on cost reduction, efficient performance, suggestion awards, safety awards, etc.

Where practical, the District also adheres to the *Suggested Areas for Consideration of Internal Control Structure* for areas of employee compensation that could require internal control procedures. TEA's *Module 1 – FAR, 1.5.4.7* of [FASRG](#)

### **Job Descriptions**

Each employee must have a current job description on file. The Department of Human Resources is responsible for developing a complete and accurate job description for each employee. The job description must describe the employee's job responsibilities as well as delineate all programs or cost objectives under which the employee works. The job description will also include the fund source and whether it is a multiple cost or single cost objective.

Job descriptions must be updated as new assignments are made. The supervisor must review the job description with the employee upon hiring and as the job description is updated. The employee must sign and date that he or she has read and understands the job description and the programs under which he or she is working.

The job description must be immediately available upon request by an auditor or monitor.

Grant Managers along with the Assistant Superintendent of Human Resources will ensure that each employee, especially any employee who is paid in whole or in part with federal funds, has an updated job description that has been signed by the employee. Job descriptions must be maintained in the employee's personnel file.

## A. Documentation of Personnel Expenses

### **Standards for Documentation of Personnel Expenses**

Charges to federal awards for salaries and wages must be based on records that accurately reflect the work performed. In accordance with 2 CFR § 200.430, these records must:

- Be supported by a system of *internal controls* which provides reasonable assurance that the charges are accurate, allowable, and properly allocated
- Be incorporated into official records
- Reasonably reflect total activity for which the employee is compensated, not exceeding 100% of compensated activities
- Encompass both federally assisted and all other activities compensated by the District on an integrated basis
- Comply with the established accounting policies and practices of the District, and
- Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on:
  - More than one federal award
  - A federal award and a non-federal award
  - An indirect cost activity and a direct cost activity
  - Two or more indirect activities which are allocated using different allocation bases, or
  - An unallowable activity and a direct or indirect cost activity.

All employees who are paid in full or in part with federal funds must keep specific documents to demonstrate the amount of time they spend on grant activities. This includes an employee whose salary is paid with state or local funds but is used to meet a required match or cost share for a federal program.

These documents, known as time-and-effort records, are maintained in order to charge personnel costs to federal grants. In addition, current and up-to-date job descriptions for each employee are maintained.

### **Time and Effort Procedures**

All District employees who are paid in whole or in part with federal funds will maintain documentation in accordance with the following requirements.

All charges to payroll for personnel who work on one or more federal programs or cost objectives must be based on one of the following, depending on the circumstances:

- **Semi-annual certification** (for employees who work 100% of the time on a single program and/or cost objective [except for programs covered under Ed-Flex, as long as Texas remains an Ed-Flex state], in which case a signed and dated job description must be in the employee's personnel file; also see exception for schoolwide programs below)
- **Time-and-effort records** (for employees working on more than one program and/or more than one cost objective)
- **Substitute system**

Additional summary information pertaining to each of these is provided below. Refer to the section "Compensation for personal services" in 2 CFR § 200.430 for more detailed information pertaining to charges to payroll.

### **Semi-Annual Certification**

Semi-annual certification applies to employees who do one of the following:

- Work 100% of their time on a single grant program and/or single *cost objective*
- Work 100% of their time in administering programs that are part of *consolidated administrative funds* (such as a Federal Programs Director who administers only these programs)
- Work 100% of their time under a *single cost objective* funded from eligible multiple funding sources. A Title I, Part A, schoolwide program is a single cost objective. Refer to TEA's page on [Schoolwide Programs](#) for further guidance.

\*"Cost objective" means a program, function, activity, award, organizational subdivision, contract, or work unit for which cost data are desired and for which provision is made to accumulate and measure the cost of processes, products, jobs, capital projects, etc. A cost objective may be a major function of the District, a particular service or product, a federal award, or an indirect cost activity.

These employees are not required to maintain time-and-effort records. However, each employee must certify in writing, at least semi-annually, that he/she worked solely on the program or single cost objective for the period covered by the certification. The certification must be signed by the employee or by the supervisor having first-hand knowledge of the work performed and should reference the employee's signed and dated job description maintained in their personnel file. Charges to the grant must be supported by these semi-annual certifications. The semi-annual certifications are maintained by the Payroll Department of the District.

Grant Managers will ensure that each employee, fully funded by one grant or under a single cost objective, has completed a Semi-Annual certification. Certifications will be completed for July through

December and January through June within 2 weeks of the end of the six month certification period. Certifications will be completed on paper and will require the employee and supervisor signature. Grant Managers will review Semi-Annual Certifications within 4 weeks of the end of the certification period and then provide them to the Payroll manager.

(See the exceptions for schoolwide programs and Ed-Flex programs below.)

*Job Descriptions:* These employees are also required to maintain on file a signed and dated job description which clearly shows that the employee is assigned 100% to the program or single cost objective. The job description must be updated annually or when a function or activity is added to or deleted from an existing job description, must clearly identify the function and activities performed by the employee for the applicable fund source(s) or cost objective, and must be maintained in the employee's personnel file.

The semi-annual certification must

- be executed after the work has been completed, and not before
- state that the employee worked solely (i.e., 100% of the time) on activities related to one particular grant program or single cost objective
- identify the grant program or cost objective
- specify the 6-month reporting period
- be signed and dated by the employee or a supervisor with first-hand knowledge of the work performed

Charges to the grant must be supported by these semi-annual certifications. All certifications must be retained for audit and monitoring purposes. It is recommended that the certifications be retained in a central location to facilitate an audit.

Other examples:

Because all funds consolidated on a Title I schoolwide campus benefit only that campus and no other cost objective, a Title I schoolwide program is a single cost objective. However, depending on the funding sources consolidated, personnel may or may not be required to complete a certification. See more information below about consolidating funds on a Title I schoolwide program.

A statutory set-aside within a program is a cost objective. For example, Title I, Part A requires that districts receiving \$500,000 or more in Title I, Part A reserve not less than 1% of their Title I, Part A allocation (at the LEA level, not at the campus level) to carry out parental involvement activities. In order to track the 1% expended for this activity, this parental involvement activity must be identified as a separate activity or cost objective for time and effort purposes.

**Special Note on Single Cost Objectives:** Per TEA, some districts have received an audit finding for identifying the following or something similar as a single cost objective. Auditors do not view these and similar as single cost objectives because there are multiple set-asides and cost objectives within each of these areas.

Federal programs

Title I, Part A

Title II, Part A

NCLB

Working on initiatives and programs that benefit Title I students

Director of Federal Programs

Title I Program Director

\*\*\*\*\*

Below is an example of a Semi-Annual Certification

**To be completed by Employee:**

Employee Name: \_\_\_\_\_ Campus: \_\_\_\_\_

Job Assignment: \_\_\_\_\_

**Please select the most accurate statement.**

I understand that my position is supported entirely by funds from Title I, Part A. I certify that 100% of my job duties were related to activities in compliance with this program during the period from July 2015 to June 2016.

**or**

I understand that my position is supported entirely by funds from Title I, Part A. However I cannot certify that 100% of my job duties were related to activities in compliance with this program during the period from July 2015 to June 2016. Following is a list of my duties not related to activities in compliance with this program.

**If this statement is selected, please complete the chart below.**

Duty	Time Spent Per Day/Week	Name of Supervisor

I certify that the information recorded on this form is true and correct to the best of my knowledge.

\_\_\_\_\_  
Employee Signature

\_\_\_\_\_  
Date

**To be completed by Principal:**

I certify that the information recorded on this form is true and correct to the best of my knowledge.

\_\_\_\_\_  
Principal Signature

\_\_\_\_\_  
Date

\*\*\*\*\*

**Special Note for Schoolwide Programs:** A Title I, Part A, schoolwide program is considered a “single cost objective.” This has different implications depending on the types of funding consolidated on the schoolwide program.

**Full Consolidation:** If **federal, state, and local funds** are consolidated on the schoolwide program, neither the semi-annual certification nor time and effort is required. There is no distinction between staff paid with federal funds and staff paid with state or local funds.

**Federal Consolidation:** If **only federal funds** are consolidated, for the employees funded from the consolidated pool, normally the semi-annual certification would be required. However, if all federal funds included in the consolidation are Ed-Flex programs, then the semi-annual certification for school districts is automatically waived. Note: Not all NCLB programs are Ed-Flex programs.

If one or more of the programs included in the consolidation is *not* an Ed-Flex program, then the semi-annual certification must be completed for those programs. Note: Not all NCLB programs are Ed-Flex programs. See below for a list of Ed-Flex programs in Texas.

**Title I, Part A (no consolidation):** If **only Title I, Part A funds** are used on a schoolwide basis to serve all of the children on campus, normally the semi-annual certification would be required. However, because Title I, Part A is an Ed-Flex program in Texas, the semi-annual certification is automatically waived for employees paid with Title I, Part A.

**If an employee works part of the time on a schoolwide program, and part of the time on a separate federal program or other cost objective,** then the employee must maintain time and effort because the employee is working on multiple cost objectives.

### **Ed-Flex Programs in Texas**

Ed-Flex is a provision that allows the U.S. Secretary of Education to delegate to states the authority to waive certain federal education requirements that may impede local efforts to reform and improve education. It is designed to help districts and schools carry out educational reforms and raise the achievement levels of all children by providing increased flexibility in the implementation of federal education programs in exchange for enhanced accountability for the performance of students.

Authorized under the [Education Flexibility Partnership Act of 1999](#) and amended on April 13, 2006, the Ed-Flex waivers approved for Texas provide relief to grantees from certain *administrative* requirements, as well as from certain *programmatic* requirements. Refer to the [Ed-Flex Waivers](#) page on TEA's website for information on Texas' Ed-Flex waivers. Also refer to the NCLB [Program Appendix](#) on Ed-Flex.

**For example,** Texas provides an Ed-Flex statewide administrative waiver for the applicable programs from the requirement to complete the semi-annual certification for employees who work 100% of their time on a single grant program or single cost objective. This is allowable for these applicable programs as long as the employee's job

description clearly states that the employee is assigned 100% to the program or cost objective.

The following programs are Ed-Flex programs in Texas (until reauthorization of the ESEA):

- No Child Left Behind Act of 2001
  - Title I, Part A (except sections 1111 and 1116, school improvement grants)
  - Title I, Part C (Migrant Education)
  - Title I, Part D (Neglected and Delinquent)
  - Title I, Part F (Comprehensive School Reform – no longer funded)
  - Title II, Part A, Subparts 2 and 3 (Teacher and Principal Training and Recruiting)
  - Title II, Part D, Subpart 1 (Educational Technology)
  - Title III, Part B, Subpart 4 (Emergency Immigrant Education)
  - Title IV, Part A, Subpart 1 (Safe and Drug-Free Schools – no longer funded)
  - Title V, Part A (Innovative Programs – no longer funded)
- Carl D. Perkins Career and Technical Education Act of 2006

**Ed-Flex waivers are NOT available for all NCLB programs.** Therefore, relief from the requirement to complete the semi-annual certification for employees who work 100% of their time on a single grant program is NOT available for programs not covered under Ed-Flex. Those employees must maintain time and effort in accordance with the requirements specified below.

***Employees paid with non-Ed-Flex program funds who work 100% of their time on non Ed-Flex program activities must complete the certification every six months and submit it to the Payroll Department.***

***Employees paid with non-Ed-Flex program funds who work only a portion of their time on non-Ed-flex program activities must complete time-and-effort records and submit them to the Payroll Department at least monthly to coincide with the pay period.***

Implementing any of the Ed-Flex waivers for a non-Ed-Flex program will result in findings during an audit or monitoring visit and potentially the repayment of funds.

### **Time and Effort (i.e., Personnel Activity Reports)**

Time and effort applies to employees who do one of the following:

- Do *not* work 100% of their time on a single grant program and/or single cost objective

- Work under multiple grant programs or multiple cost objectives

These employees are required to maintain time-and-effort records or to account for their time under a substitute system (see below). Employees must prepare time-and-effort summary reports at least monthly (or every other week, as applicable) to coincide with pay periods. Such reports must reflect an *after-the-fact* distribution of 100% of the *actual* time spent on each activity and must be signed by the employee. Monthly reports must be submitted to the Payroll Department, and charges to payroll must be adjusted at least monthly to coincide with preparation and submittal of expenditure reports.

Examples of employees who work on multiple cost objectives:

- An employee who works partially on *administering* programs included in *NCLB* consolidated administrative funds pool, and partially on *administering other programs (not included in NCLB consolidated administrative funds pool)*, must maintain time-and-effort records or account for his or her time under a substitute system. These are two different cost objectives.
- An employee who works partially on *administrative* activities (paid from administrative funds) and partially on *program* activities (paid from program funds) of the same program must maintain time-and-effort records or account for his or her time under a substitute system. These are two different cost objectives.
- An employee who works on regular Title I activities and Title I parent involvement activities must maintain time-and-effort records. (The LEA must document the 1% of its allocation expended on parent involvement activities if the LEA receives more than \$500,000 in Title I, Part A.) These are two different cost objectives.
- An employee who works part of the time on *direct* cost activities and part of the time on *indirect* cost activities must maintain time-and-effort records or account for his or her time under a substitute system. These are two different cost objectives.

\*\*\*\*\*

Below is an example of a Daily Time-and-Effort Report

**Employee:** \_\_\_\_\_ **Date:** \_\_\_\_\_

Daily Log Activity	Funded percentages:			
	40%	5%	55%	100%
	Title I	Title II	Local	Total
Planned parent involvement meeting	1:30			1:30
State Comp Ed report			2:00	2:00
Early Childhood session	1:00			1:00
Review of professional development catalog		0:30		0:30
Title I approvals	1:00			1:00
Title III approvals			0:30	0:30
State Comp Ed travel requests			2:00	2:00
				0:00
<b>Total Time</b>	3:30	0:30	4:30	8:30

The report above is to be completed daily for all hour worked and retained as supporting documentation for the monthly summary report.

Note: Daily T&E records can be kept on separate pieces of paper, in a log book, or on a calendar, as long as the records are sufficient to allow the employee to accurately complete the monthly summary report. Daily and monthly T&E records can also be entered and maintained electronically, provided that the electronic reporting system contains the required elements.

\*\*\*\*\*

**Monthly Summary Time-and-Effort Report**

Below is an example of a Monthly Time-and-Effort Report



**Duncanville ISD**  
**Time and Effort**  
**for Employees Supported by Multiple Grant Objectives**

Employee:  Position:

Certification Period:

Program Name Fund	Title I 211	Title II 255	Local 199	Total Hours
7/1/2016				-
7/2/2016				-
7/3/2016				-
7/4/2016				-
7/5/2016	3.00	0.50	4.50	8.00
7/6/2016	7.75	-	1.25	9.00
7/7/2016	1.25	0.25	9.00	10.50
7/8/2016	-	-	6.00	6.00
7/9/2016				-
7/10/2016	5.00	1.00	0.75	6.75
7/11/2016	4.50	1.50	4.50	10.50
7/12/2016	2.00	-	7.25	9.25
7/13/2016	2.50	-	7.50	10.00
7/14/2016	2.50	-	7.50	10.00
7/15/2016				-
7/16/2016				-
7/17/2016				-
7/18/2016	7.50	0.75	3.50	11.75
7/19/2016	3.00	0.25	6.25	9.50
7/20/2016	4.75	2.25	4.00	11.00
7/21/2016	4.25	-	7.75	12.00
7/22/2016				-
7/23/2016				-
7/24/2016				-
7/25/2016	9.50			9.50
7/26/2016	2.25	1.00	6.50	9.75
7/27/2016	1.25	0.25	7.50	9.00
7/28/2016				-
7/29/2016				-
7/30/2016				-
7/31/2016				-
<b>Monthly Total</b>	61.00	7.75	83.75	152.50
	40.00%	5.08%	54.92%	

I certify that I performed work consistent with the attached scheduled and as distributed in the above percentages during the certification period.

Employee Signature
  Date

The report above is to be completed monthly and submitted to Director of Accounting.

**Substitute Systems in Lieu of Time-and-Effort Reports**

In accordance with 2 CFR § 200.430(i)(5), substitute systems for allocating salaries and wages may be used in place of time-and-effort reports. Substitute systems may include, but are not limited to, random-moment sampling, “rolling time studies,” case counts, or other quantifiable measures of work performed. Substitute systems that use sampling methods must meet acceptable statistical sampling standards. Refer to 2 CFR § 200.430(i)(5) for detailed requirements. The substitute system must be approved by TEA.

Documentation of rationale and calculations for allocating salaries and wages based on a substitute system must be maintained for audit purposes.

### **TEA Substitute System of Federal Time-and-Effort Reporting for Employees Supported by Multiple Cost Objectives**

TEA issued guidance in [a letter dated December 12, 2012](#), pertaining to *Substitute System of Federal Time-and-Effort Reporting for Employees Supported by Multiple Cost Objectives*. Pursuant to this guidance, employees who work on *multiple* cost objectives (i.e., more than one federal grant award or more than one cost objective) and *who meet certain conditions* may complete a *schedule* at the beginning of the reporting period and a *certificate* (similar to the semi-annual certification) at the end of the reporting period in lieu of traditional time-and-effort records.

To qualify for this substitute system in lieu of traditional time-and-effort reports, the employee must work on *multiple activities or cost objectives (i.e., more than one federal grant award)* based on a *predetermined, set schedule*, which is most likely applicable to classroom teachers or instructional aides. The employee must also normally be required to complete traditional monthly time-and-effort reports. In order for any employees to use this system, the LEA must also submit a [Management Certification](#) form to TEA by the specified deadline date each year.

### **Daily Class Schedules**

Daily class schedules for classroom teachers and instructional aides may be used in lieu of time-and-effort reports for these personnel. *Daily class schedules* may qualify as a suitable “*substitute system*” because they provide a “quantifiable measure of employee effort.” However, to avoid an audit exception, daily class schedules should be documented as a *substitute system* in accordance with the procedures described above for TEA’s substitute system.

### **Reconciliation and Closeout Procedures**

It is critical for payroll charges to match the actual distribution of time recorded on the monthly certification documents. Grantees may **initially** charge payroll costs based on budget estimates. Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to federal awards, but may be used for interim accounting purposes provided that the system for establishing the estimates produces reasonable approximations of the activity actually performed.

If using budget estimates, the District will periodically, at least quarterly, reconcile payroll charges to the actual time and effort reflected in the employees' time-and-effort records. If the quarterly (or more frequent) **reconciled difference** between the actual and budgeted amounts is **10% or greater**, two things will occur:

- The Director of Accounting will adjust its accounting records to reflect the costs based on the actual time and effort reported.
- To minimize future differences, the District will revise the budget estimates for the following quarter to reflect the actual distribution, if necessary.

If the reconciled difference is **less than 10%**, the District will adjust the accounting records annually. But in all cases, the accounting records will be adjusted to reflect actual time-and-effort records. Please note that the 10% variance only governs *how often* the reconciliation will occur. It does not govern *whether* or not the reconciliation will occur.

### Employee Exits

Exit interviews will be scheduled for all staff leaving the District. Information on the continuation of benefits, release of information, and procedures for requesting references will be mailed to the separating staff member. Separating staff members are asked to provide the District with a forwarding address and phone number and complete a questionnaire that provides the District with feedback on his or her employment experience. All District issued keys, books, property including intellectual property and equipment must be returned upon separation from employment. Also required is final certification or time and effort reports if pending. The District may withhold the cost of any unreturned items from the final paycheck.

## VI. Human Resources Policies

The following Board policies readily available to all district personnel at:

<http://pol.tasb.org/Home/Index/363> . The following are the policies related to Human Resources.

- DAA Equal Employment Opportunity
- DBD Conflict of Interest
- DBF Non-school Employment
- DC Employment Practices
- DCB Term Contracts DEA Salaries, Wages, Stipends
- DEC Leaves and Absences
- DFD Hearings before Hearing
- DFE Resignation
- DFF Reduction in Force
- DGBA Employee Complaints/Grievances

- DH Standards of Conduct
- DHE Searches and Alcohol/Drug Testing
- DI Welfare
- DIA Freedom from Harassment
- DFAC Return to Probationary Status
- DK Assignment and Schedules
- DFBA Termination during Contract
- DN Performance Appraisal
- DFBB Non-renewal
- DNA Evaluation of Teachers
- DNB Evaluation of Other Professional Examiner Employees

If the District institutes any mass or abnormal severance pay, the District will request prior written approval from TEA in accordance with 2 CFR § 200.431(i)(2)(ii).

#### *Employee Health and Welfare Costs*

In accordance with Policy CRD, group health insurance coverage is provided through TRS ActiveCare, the statewide public school employee health insurance program. The district's contribution to staff insurance premiums is determined annually by the Board of Trustees. Staff members eligible for health insurance coverage include the following:

- Staff members who are active, contributing TRS members
- Staff members who do not contribute to TRS and who are employed for 10 or more regularly scheduled hours per week

TRS retirees who are enrolled in TRS-Care (retiree health insurance program) are not eligible to participate in TRSActiveCare. The insurance plan year is from September 1 through August 31. Current staff members can make changes in their 26 insurance coverage during open enrollment each year. Detailed descriptions of insurance coverage, staff member cost, and eligibility requirements are provided to all staff in a separate communication. Staff members should contact Business Services for more information.

Staff members may elect include deductions for the staff member's share of premiums for health, dental, life, and vision insurance; annuities; and higher education savings plans. Staff members also may request payroll deduction for payment of membership dues to professional organizations and specific charitable organizations. Salary deductions are automatically made for unauthorized or unpaid leave.

## **VII. Record Keeping**

## A. Record Retention

In general, records document the use of funds, compliance with program and fiscal requirements, and the performance of the grant. In accordance with 34 C.F.R. §§ 76.730-.731 and §§ 75.730-.731, the District maintains all records that fully show (1) the amount of funds under the grant or subgrant; (2) how the District uses those funds; (3) the total cost of each project; (4) the share of the total cost of each project provided from other sources; (5) other records to facilitate an effective audit; and (6) other records to show compliance with federal program requirements. The District also maintains records of significant grant project experiences and results. 34 C.F.R. § 75.732. These records and accounts must be retained and made available for programmatic or financial audit.

Pursuant to the provisions in 34 C.F.R. § 81.31(c), the USDE is authorized to recover any federal funds misspent within 5 years before the receipt of a program determination letter. Consequently, in accordance with TEA's [General Provisions and Assurances](#) and the statute of limitations, the District retains records for a minimum of five (5) years from the date on which the final expenditure report is submitted or the ending date of the grant, whichever is later, unless otherwise notified in writing to extend the retention period by TEA or other awarding agency. However, if any litigation, claim, or audit is started before the expiration of the record retention period, the records will be retained until all litigation, claims, or audit findings involving the records have been resolved and final action taken. 2 C.F.R. § 200.333

Local governments in Texas, including all school districts, open-enrollment charter schools, and ESCs, are required to implement a *Records Management Policy*, designate a *Records Management Officer* to oversee the policy, and comply with a *Records Retention Schedule*. The [Texas State Library and Archives Commission](#) (TSLAC) administers the records management requirements pursuant to the *Local Government Records Act, Local Government Code, Chapters 201-205*, and *Chapter 441, Subchapter J*, published as [Local Government Bulletin D](#) on TSLAC's website.

The District retains and destroys records in accordance with these requirements. Failure to produce a program or fiscal record for an auditor or monitor during the 5-year retention period will most likely result in an audit or monitoring finding and the repayment of funds for the missing documentation.

### *Destruction of Records*

Because records establish compliance with the use of funds and with program and fiscal requirements, failure to retain the proper records or to dispose of them prematurely can result in monumental problems for the District, including the repayment of all funds associated with the activity, event, decision, or transaction for which the records are missing. In addition, destroying or disposing of a record improperly or prematurely constitutes a Class A Misdemeanor under state law.

The District cannot destroy any record that is involved in an ongoing

- Litigation
- Claim
- Negotiation
- Public information request (PIR)
- Audit or investigation
- Administrative review or hearing

The District's *Records Management Policy* includes policy and procedures for *disposing* of records. Records can only be destroyed in accordance with the [Records Retention Schedule](#) adopted by the District. Records that are not on the *Records Retention Schedule* may require written permission from the TSLAC prior to disposing. Procedures include maintaining a "records disposition log" that identifies the disposition date and method of disposal of each record.

According to [Local Government Code, §202.003](#), *confidential* records must be *burned, shredded, or pulped*. *Open* records can be *burned, shredded, pulped, recycled, or buried in a landfill*. If a contractor is hired to destroy records, the contractor must comply with all of the state and local government laws pertaining to the destruction of records as if it were the District.

Each Grant Manager will maintain all records for set number of years in accordance to guidelines. Items maintained include working notes, grant applications, budget summaries, requisitions, staffing information, other related items associated with each grant expenditure and activity.

## **B. Records That Must Be Maintained**

A *record* is any recorded information that documents school business; it serves as evidence that an activity, event, decision, or transaction occurred. A record must be retrievable at a later date (i.e., for 5 years after the ending date of the grant or after submittal of the final expenditure report, whichever is later).

Not every piece of paper or every piece of data is an *official record*. Materials used for *reference* are just that – reference materials; they are not records. District personnel must use some judgment in determining whether a record constitutes an “official business record” by looking at the content of the record to determine its value in serving as evidence. A good place to start is by consulting the District’s *Records Management Officer* and *Records Management Policy*. The [title of position] serves as the District’s *Records Management Officer*.

Records are created by the District to support a grant activity and they are retained as evidence of that activity. Records may come in a variety of different forms and may be *created* by the District or be *received* by the District in any medium, including hard copy paper or electronic, audio, or video. Whether the District *creates* it, or *receives* it from someone outside the District, if it documents school operations, it’s a record and must be retained according to the records retention schedule.

Most e-mails are records; telephone messages can be records. The record can be on a computer’s hard drive, on a USB, on a DVD, in a filing cabinet, or on someone’s desk. Even if the record contains confidential information and may be exempt from release under a Public Information Request (PIR), it is still a record and must be retained using proper security procedures to safeguard the confidential data.

Records generally include but are not limited to

- General correspondence, including letters and e-mail
- Handwritten notes and electronic notes
- Completed forms and reports and the data used to complete the reports
- Personnel documentation
- Websites created by the District
- Audio tapes and video tapes
- Final, complete, and signed (if applicable) documents
- Plans, photographs, or drawings
- Data in spreadsheets and databases
- Financial records, including but not limited to budgets, accounting ledgers, all supporting documentation for expenditures, copies of checks, bank statements, etc.

Records generally do NOT include

- Convenience copies (extra identical copies created only for convenience of reference or research)
- Drafts of documents
- Copies of documents furnished to the public to fulfill a PIR
- Blank forms/stocks of publications (keep at least one copy for archives to demonstrate compliance or proof of program activities)

- Library or museum materials
- Dispute resolution working files (the *final* written finding or report is a record)
- Personal or junk e-mail
- Ccs of e-mails (or letters) or convenience copies of e-mails (or letters) (the recipient in the "To" line is the keeper of the official record)

### C. Collection and Transmission of Records

It is becoming more common to store records electronically to conserve storage space. Storing records electronically is acceptable and is encouraged. In accordance with the provisions in 2 CFR § 200.335, whenever practical, the District will collect, transmit, and store federal grant-related information in open and machine readable formats rather than in closed formats or on paper. However, TEA or other awarding agency must always provide or accept paper versions of grant-related information to and from the District upon request.

When original records are electronic and cannot be altered, there is no need to create and retain paper copies. When original records are paper, electronic versions may be substituted through the use of duplication or other forms of electronic media provided that they are subject to periodic quality control reviews, provide reasonable safeguards against alteration, and remain readable.

The retention period is the same whether the record is paper or electronic. However, a few precautions are in place.

It is permissible to scan hard copies of records and then store them electronically. The District must comply with *Electronic Records Standards and Procedures* ([Local Government Bulletin B](#) on TSLAC's website) when scanning records. The District's designated *Records Management Officer* is aware of these standards. The Director of Purchasing in the Operations Division is responsible for performing or overseeing the scanning of all records to ensure the following procedures are properly carried out.

Prior to scanning, the employee must ensure that the original document has not been altered in any way. It is permissible to have *additional* hand-written notes on an original record, but the hand-written notes cannot obscure the contents of the original document in any way.

When scanning records, the employee must conduct *visual quality control* on each page of each document to ensure the scan is high quality and that it is *entirely* legible. Even one illegible line, word, or number on a scanned document can render the scanned document as unacceptable by auditors, monitors, TEA, and other oversight agencies.

Once the original has been scanned and the employee has conducted a thorough visual quality control **on each page of each document**, the scanned version becomes the official record and the originals can be

destroyed. However, *before destroying any documents*, the employee must check with the District's designated *Records Management Official*. He or she may wish to confer with legal counsel or the auditor. There may be legal reasons for not destroying the originals. Also before destroying the originals, the employee will want to consider if there is any historical value to retaining the original, and if so, perhaps retain the original for historical purposes.

The employee must also ensure that each scanned document is properly indexed (labeled) so that a specific document can be easily searched and retrieved at a moment's notice. Failure to properly index a scanned document can result in the inability to retrieve it in a timely manner for audit or monitoring purposes, which could ultimately result in an audit or monitoring finding and the repayment of grant dollars.

The District must also ensure that scanned versions can be preserved over the long term as technology becomes obsolete. The District considers archival quality microfilm for some records.

Records that are available only in electronic format are backed up on a regular schedule (such as nightly) in another physical location. If the original electronic records are destroyed or lost due to any reason, the backup location will have a duplicate copy of the records.

#### D. Access to Records

All grant records are government records and are the property of the District; they are not the personal property of an individual. Records should be easily accessible by all personnel in the District who may need to refer to the documentation for program management, accounting, compliance, audit, or monitoring purposes. With the exception of confidential personnel hiring records, proprietary information of contractors, and confidential student information, all grant information is public information.

Pursuant to the provisions in 2 CFR § 200.336, the District provides TEA or other awarding agency, Inspectors General, the Comptroller General of the United States, the Texas State Auditor's Office, the Texas Attorney General's Office, and the US Department of Education staff or their contracted monitors or any of their authorized representatives, the right of access to any documents, papers, or other records of the District which are pertinent to the federal award, in order to make audits, examinations, excerpts, and transcripts. The right also includes timely and reasonable access to the District's personnel for the purpose of interview and discussion related to such documents.

#### *Protecting the True Names of Victims of a Crime*

Only under extraordinary and rare circumstances would such access include review of the true name of victims of a crime. Routine monitoring would not necessitate access to this information, as it is not

considered extraordinary and rare circumstances. When access to the true name of victims of a crime is necessary, appropriate steps to protect this sensitive information must be taken by both the District and the awarding agency. Any such access, other than under a court order or subpoena pursuant to a bona fide confidential investigation, must be approved by the head of the awarding agency or delegate.

The rights of access in this section are not limited to the required retention period but last as long as the records are retained. 2 CFR § 200.336(b)

### E. Privacy

STUDENT DIRECTORY INFORMATION is public unless parents make a request in writing. Under the Family Educational Rights and Privacy Act (FERPA), certain information about district students is considered “directory information” and will be released to anyone who follows the procedures for requesting the information, unless the parent or guardian objects to the release of the directory information about the student. The district has designated the following information as directory information: the student’s name, enrollment status, grade level, honors and awards received, participation in officially recognized activities and sports, and height and weight of members of athletic teams. Student home addresses, email addresses and phone numbers are NOT considered “directory information” and are NOT released to the public.

All staff has access to student information management system using their district credentials. Student information access is limited to the scope of their job responsibilities. While using student information system, the computer will automatically time out after 10 minutes of inactivity. In addition, staff is required to update passwords every 90 days. All students have access to district server using their district assigned credentials. Their passwords are unique and are required to update every 180 days.

## VIII. Monitoring

### A. Self-Monitoring

The District is responsible for oversight of the operations of the federal award-supported activities. The District is responsible for monitoring its activities under federal awards to assure compliance with applicable federal requirements and to ensure performance expectations are being achieved. This process is known as self-monitoring. Monitoring by the District must cover each program, function, or activity. 2 CFR § 200.328. Additionally, the District must directly administer or supervise the administration of each project. 34 CFR § 76.701

Ongoing monitoring occurs in the course of operations. It includes regular management and supervisory activities and other actions personnel take in performing their duties. The scope and frequency of self-monitoring depends primarily on an assessment of risks and the effectiveness of ongoing monitoring procedures.

Implementing the appropriate and required internal controls and monitoring for compliance with internal controls is one of the District's tools for self-monitoring. Any discrepancies or deficiencies detected or discovered will be immediately corrected and processes or systems put into place to ensure such discrepancies or deficiencies do not occur again.

Additionally, the District will develop a self-monitoring assessment that will be administered at the end of every year. Corrective actions, including the actions required, the persons responsible, and the target date for completion, will be developed to address any deficiencies. The district and all campuses complete a comprehensive needs assessment. The needs assessment analyzes the activities and determined campus strengths and weakness in eight areas: (1) demographics, (2) student achievement, (3) school culture and climate, (4) staff quality, recruitment and retention, (5) curriculum, instruction and assessment, (6) family and community involvement, (7) school context and organizational, and (8) technology. Data including staffing, existing resources, assessments, and family involvement to name a few are utilized. This information is recorded in our improvement plan program. The critical areas of need are reviewed and utilized to prioritize their federal budgets for the following school year and addressed in the Campus/District Improvement Plans.

## B. TEA Monitoring

### **Risk Assessment**

Pursuant to the provisions in 2 CFR § 200.331(b), TEA, as a pass-through agency, is required to evaluate each subrecipient's risk of noncompliance with federal statutes, regulations, and the terms and conditions of the award for purposes of determining the appropriate subrecipient monitoring. Accordingly, the risk assessment may include:

- The District's prior experience with the same or similar awards;
- The results of previous audits including whether or not the District receives a Single Audit in accordance with Subpart F of 2 CFR, and the extent to which the same or similar award has been audited as a major program;
- Whether the District has new personnel or new or substantially changed systems; and
- The extent and results of USDE monitoring if the District also receives federal awards directly from the USDE.

### **Special Conditions**

Based on the evaluation of risk, TEA *must* consider imposing one or more of the following specific conditions upon the District if appropriate:

- Requiring payments as reimbursements rather than advance payments
- Withholding authority to proceed to the next phase until receipt of evidence of acceptable performance within a given period of performance
- Requiring additional, more detailed financial reports
- Requiring the District to obtain technical or management assistance
- Establishing additional prior approvals. 2 CFR § 200.207(a)

TEA is required to notify the District as to:

- The nature of the additional requirements
- The reason why the additional requirements are being imposed
- The nature of the action needed to remove the additional requirements, if applicable
- The time allowed for completions the actions, if applicable, and
- The method for requesting reconsideration of the additional requirements imposed.

TEA must promptly remove any special conditions once the condition that prompted them have been corrected.

### **Identification as a High-Risk Grantee**

In accordance with the provisions 2 CFR § 3474.10, TEA has the authority to identify the District as a high-risk grantee:

- Based on the results of the risk assessment;
- If the District has a history of failure to comply with the general or specific terms and conditions of a federal award;
- If the District fails to meet expected performance goals;
- If the District is not otherwise responsible.

TEA may impose one or more special conditions as needed to bring the District into compliance.

### **Monitoring**

TEA must monitor the activities of the District as necessary to ensure that the award is used for authorized purposes, in compliance with the federal statutes, regulations, and the terms and conditions of the award; and that the award performance goals are achieved. 2 CFR § 200.331(d). Monitoring *must* include:

- Reviewing financial and programmatic reports required by TEA;
- Following up and ensuring that the District takes timely and appropriate action on all deficiencies pertaining to the award provided to the District from TEA detected through audits, on-site reviews, and other means; and
- Issuing a management decision for audit findings pertaining to the award.

Depending on the District's assessment of risk by TEA, TEA may use the following monitoring tools (not all-inclusive) to ensure proper accountability and compliance with program requirements and achievement of performance goals:

- Performing desk reviews of certain information;
- Providing the District with training and technical assistance on program-related matters;
- Performing on-site reviews of the District's program operations; and
- Arranging for agreed-upon procedures engages as described in 2 CFR § 200.425 Audit services.

TEA will also consider taking any enforcement action (i.e., remedies for noncompliance) against the District if it is found to be in noncompliance.

### **Remedies for Noncompliance**

If the District fails to comply with federal statutes, regulations, or the terms and conditions of the award, the USDE (for direct grants) or TEA (for state-administered grants) may impose one or more of the conditions described in *Special Conditions*. In addition, TEA may take one or more of the following actions, as appropriate in the circumstances:

- Temporarily withhold cash payments pending correction of the deficiency by the District or more severe enforcement action by the USDE or TEA.
- Disallow (that is, deny both use of funds and any applicable matching credit for) all or part of the cost of the activity or action not in compliance.
- Initiate suspension or debarment proceedings as authorized under 2 CFR Part 180 and USDE regulations (or in TEA's case, recommend such a proceeding be initiated by the USDE).
- Withhold further federal awards for the project or program.
- Take other remedies that may be legally available.

2 CFR § 200.338

### **C. Subrecipient Monitoring**

In the event that the District awards subgrants to other entities, it is responsible for monitoring those grant subrecipients to ensure compliance with federal, state, and local laws. Monitoring is the regular and systematic examination of all aspects associated with the administration and implementation of a program. Each program office that awards a subgrant must have its own monitoring policy. This policy must ensure that any monitoring findings are corrected.

The District does not award subgrants as a regular course of action.

## **IX. Audits**

### A. Annual Independent Audit

Section 44.008 of TEC requires that each school district have its fiscal accounts audited annually *at district expense* by a certified or public accountant (independent of the district) holding a permit from the Texas State Board of Public Accountancy (CPA). No portion of the independent audit may be paid from state or federal grant funds. The cost to conduct the annual independent audit must be paid from state or local funds.

The audit must meet at least the minimum requirements and be in the format prescribed by the SBOE and the commissioner. Audits must be conducted in accordance with generally accepted auditing standards (GAAS) and Government Auditing Standards (GAS), also referred to as the *Yellow Book*. Audit requirements are also provided in TEA's [FASRG, Module 4 – Auditing](#).

The itemized accounts and records of the district must be made available to audit. The independent audit must be completed following the close of each fiscal year and must be submitted to TEA within 150 calendar days of the close of the fiscal year.

During the annual independent audit, the auditor examines whether the district has complied with financial management and reporting requirements and with internal controls. The annual audit is organization-wide and includes an examination of all fund types and account groups.

The audit reports are reviewed by TEA audit staff, and TEA notifies the local board of trustees of any objections, violations of sound accounting practices or law and regulation requirements, or of any recommendations concerning the audit report that the commissioner wants to make. If the audit report reflects that penal laws have been violated, the commissioner must notify the appropriate county or district attorney and the state's attorney general.

TEA must be permitted access to all accounting records, including vouchers, receipts, fiscal and financial records, and other school records TEA considers necessary and appropriate for the review, analysis, and passing on audit reports.

### B. Single Audit

In addition to the state-mandated annual audit, federal regulations require that grantees obtain audits in accordance with [2 CFR Part 200, Subpart F – Audit Requirements](#). (Note: The requirements in 2 CFR Part 200 apply for fiscal years that begin after December 26, 2014, (i.e., in most cases, for fiscal years that begin July 1 or September 1, 2015, and end June 30 or August 31, 2016, respectively. The requirements in [OMB Circular A-133](#) are in effect for the fiscal years that end June 30 or August 31, 2015, respectively.) The audits must be made by an independent auditor in accordance with generally accepted government

auditing standards (GAGAS). Awarding agencies, including TEA, are required to determine whether their grantees have met the audit requirements.

State agencies such as TEA are required to follow their own procedures to determine whether the District spent federal funds in accordance with applicable laws and regulations. This includes reviewing an audit to determine if the District had a single audit conducted in accordance with 2 CFR § 200.514, or through other means if there was no single audit.

TEA as a state agency must also

- ensure that the District takes appropriate corrective action within six months after receiving a report with an instance of noncompliance with federal laws and regulations
- consider whether the audit necessitates an adjustment of TEA's own records

### **Who Is Required to Have a Single Audit?**

School districts that **expend \$750,000** or more total in federal awards (i.e., all of the expenditures added together for all of the federal grants) during the fiscal year are required to have a Single Audit conducted *in addition to and in conjunction with* the annual independent audit.

The Single Audit must be completed in accordance with 2 CFR Part 200, Subpart F and the *Audit Compliance Supplement* (see link below), normally updated around March of each year. The *Audit Compliance Supplement* outlines specific requirements and corresponding audit procedures for each major federal program.

For federal programs *not* covered in the *Compliance Supplement*, the auditor is directed to use the *types* of compliance requirements contained in the *Supplement* as guidance for identifying compliance requirements to test, and to determine the requirements governing the federal program by reviewing the provisions of grant agreements and the laws and regulations applicable to those federal programs.

The cost to conduct the Single Audit can be prorated among the federal programs being audited in proportion to the total award amount of each program.

### **What Happens During a Single Audit?**

During a Single Audit, the auditor examines

- the District's financial statements and schedule of expenditures of federal awards
- compliance with laws, regulations, and the provisions of contract or grant agreements that have a direct and material effect on each of the District's federal programs

- the effectiveness of internal control over federal programs in preventing or detecting noncompliance

Auditors are required to classify and select federal programs for audit using a risk-based approach. Where a District receives only one federal program, the auditor may conduct a *program-specific* audit rather than a Single Audit.

Auditors use the suggested audit procedures in the *Audit Compliance Supplement* to test general compliance requirements for each federal program selected for audit during the Single Audit or program-specific audit process. Program and fiscal managers should be aware of the requirements and what the auditor may look for so they can be properly prepared. Auditors may potentially interview program managers and fiscal managers to solicit evidence of compliance with certain requirements.

As the auditor is reviewing the compliance requirements, he or she identifies any significant deficiencies in internal control and any noncompliance with laws, regulations, or grant agreements. The auditor also identifies any known questioned costs which are greater than \$25,000. Auditors must present the findings in a written report in sufficient detail for the District to prepare a corrective action plan and take corrective action, and for TEA or other awarding agency to arrive at a management decision.

The auditor assembles the report in accordance with *2 CFR Part 200, Subpart F* and submits the audit package to the local board of directors for approval. A copy of the full audit report, including the required annual audit, and the Single Audit or program-specific audit, is submitted to TEA as the pass-through entity. The auditor must also complete a data collection form that includes certain prescribed information about the District and the results of the audit. The District must submit the data collection form and a copy of the complete audit package to the [Federal Audit Clearinghouse](#) operated on behalf of OMB.

TEA audit staff review the audit report and issue a management decision within six months of receiving the package. The management decision (written letter) must inform the District whether or not the finding by the auditor is sustained, the reasons for the decision, and the expected action to repay disallowed costs, make financial adjustments, or take other corrective action. The District is responsible for follow-up and must prepare a corrective action plan for all audit findings, along with the anticipated completion date for each action and who is responsible.

TEA is required to follow up to ensure the District resolved the corrective actions. The audit in the subsequent year will include a follow up to ensure the District implemented the corrective actions.

TEA also uses the results of the report as a monitoring tool and may use the results to identify the District as high-risk and impose special conditions on federal awards.

The Director of Accounting coordinates with the internal auditors hired by the school board to prepare for the annual audit. The Director of Accounting notifies district personnel when the audit is to be conducted and what documents will be needed for the auditors. The Business office will work with other departments as necessary to prepare a corrective action plan for each finding, and to follow up on corrective actions to ensure each finding is corrected.

#### Audits and Special Investigations Conducted by TEA or By Another Regulatory Agency

A review of the annual independent audit report and/or the Single Audit report may prompt TEA to schedule a subsequent desk audit or on-site audit or investigation. Additionally, TEA may schedule an audit or investigation on the basis of legitimate complaints received by TEA about the District's use of federal funds.

Federal regulations require that subgrantees, including school districts, also cooperate with the Secretary of Education and the Comptroller General of the United States or any of their duly authorized representatives in the conduct of audits authorized by federal law. This cooperation includes access without unreasonable restrictions to records and personnel of the District for the purpose of obtaining relevant information.

The Comptroller General of the United States is the Director of the U.S. [Government Accountability Office](#) (GAO). GAO is an independent, nonpartisan agency that works with Congress. GAO ensures fiscal and managerial responsibility of the federal government by investigating how the federal government spends taxpayer dollars.

In addition, the [Office of Inspector General \(OIG\) at the USDE](#) may conduct an audit, investigation, or other activities to promote the efficiency, effectiveness, and integrity of the Department's programs and operations. Anyone knowing of fraud, waste, or abuse of federal education funds is able to contact the [OIG Hotline](#) to make a confidential report.

TEA also has a [procedure for reporting fraud, waste, or abuse of state and federal resources](#). In addition, TEA has a procedure for [filing a complaint](#) with regard to federal programs when it cannot be resolved at the local level following district policies and procedures.

#### **District Procedures for Reporting Fraud, Waste, or Abuse**

In case of a reported fraud, waste or abuse, the district will follow TEA's procedures.

## **X. Programmatic Fiscal Requirements**

### **A. Supplement, Not Supplant**

Most federal education grants contain the *supplement, not supplant* provision. In most cases, the expenditure of grant funds for a particular cost or activity must supplement, and not supplant, state or local funds. Therefore, supplement, not supplant is a crucial factor in determining whether a particular cost is allowable, and it must be understood by program and fiscal managers.

### **What Does Supplement, Not Supplant Mean?**

The intent behind supplement, not supplant, is that federal funds are not meant to substitute for state or local funds, but rather to provide for an additional layer of support for students who need extra academic assistance in order to succeed in school. Districts must demonstrate that federal funds are used to purchase additional academic and support services, staff, programs, or materials the state or district would not normally provide.

The supplement, not supplant provision means, in general, that

- Federal funds may not be used to replace activities normally funded from state or local funds.
- State and local funds may not be diverted for other purposes due to the availability of federal funds.
- Federal funds may not be used to support activities that are required by state law, State Board of Education or Commissioner's rule, or local policy.
- All students must receive the same level and quality of services from State and local resources. In other words, State and local sources *cannot* be used to provide services to only *some* of the students, while Federal funds are used to provide services to the *remaining* students. (Schoolwide programs may be an exception.)
- Federal funds must be used to *supplement* activities already being provided by the District, meaning they must be used to *expand, enhance, or improve* existing services and activities or to create something *new*.

### **Rebutting the Presumption of Supplanting**

Violations for supplanting with federal funds can be quite severe. If a grantee is determined to be supplanting with the entire program, the penalty could be as great as repaying 100% of the funds expended. Federal regulations require that a grantee repay funds in proportion to the harm to the federal government.

Districts may be able to *rebut* the presumption of supplanting by an auditor or monitor. To determine compliance with the supplement, not supplant requirement, the District must determine what services *would have been provided* to students in the absence of federal funds. Generally in a situation where the District used Title 1 funds, for example, to provide services that it provided with non-Federal funds in the prior year(s), an auditor or monitor will presume supplanting occurred.

The USDE provides excellent guidance on supplement, not supplant with regard to Title I, Part A in their [Non-Regulatory Guidance on Title I Fiscal Issues, Revised February 2008](#). In addition, TEA's [Supplement, Not Supplant Handbook](#) (under *Handbooks*) discusses supplement, not supplant as it applies to NCLB programs and other programs, including IDEA-B and Perkins. Both documents contain excellent information and examples as it pertains to rebutting the presumption of supplanting.

In any case, due to different experiences and knowledge level of independent auditors and federal oversight personnel, the independent auditor or federal oversight agency may *still* consider it supplanting.

### **Supplement, Not Supplant on Schoolwide Programs**

The fiscal requirements for supplement, not supplant are slightly different for Title I schoolwide programs than for Title I Targeted Assistance schools. In a Title I Targeted Assistance school, the District must identify low-achieving students and provide additional, supplemental services only to those identified students. In no case can federal funds replace state and local funds. (Refer to the archived [USDE guidance on Targeted Assistance Schools](#) for more information.)

Unlike a Targeted Assistance program, however, a *schoolwide* program is *not* required to select and provide supplemental services to specific children identified as in need of services. A school operating a schoolwide program does not have to

- show that Federal funds used with the school are paying for additional services that would not otherwise be provided
- demonstrate that Federal funds are used only for specific target populations
- separately track Federal program funds once they reach the school

A schoolwide program school, however, must use Title I funds only to supplement the **amount** of funds that would, in the absence of the Title I funds, be made available from non-Federal sources for that school, including funds needed to provide services that are required by law for children with disabilities and children with limited English proficiency. In other words, the same *amount* of state and local resources must still be spent on the school in order to conduct the regular academic program, and the amount of Title I funds must supplement, or be in addition to, the amount of state and local funds normally provided to that school [*Title I, Part A, Section 1114(a)(2)*].

The USDE provides helpful [non-regulatory guidance on supplement, not supplant](#) with regard to both Targeted Assistance schools and schoolwide programs. TEA also provides excellent guidance related to NCLB and other programs in a [Supplement, Not Supplant Handbook: A Guide for Grants Administered by the Texas Education Agency](#).

Again, it is important that District personnel involved in federal programs understand supplement, not supplant. School districts are frequently cited for a supplant violation. On the surface, a particular cost

may seem allowable in that it is reasonable, allowable under the federal cost principles, allocable, and appropriate under a federal program such as Title I, Part A. However, **if the cost is not supplemental, all of the other factors do not counteract**. All costs associated with a supplant violation would be required to be repaid to TEA or other federal awarding agency.

### **How to Document Compliance for an Auditor**

Any determination about supplanting is specific to the individual situation, and general guidelines cannot be provided to meet the particular details of any situation. Examples of the types of documentation auditors may request from the District to demonstrate that the expenditure is supplemental to other federal and/or non-federal programs include the following:

- Fiscal or programmatic documentation to confirm that, in the absence of federal funds, the District would have eliminated staff or other services in question
- Board minutes/agendas with discussion of elimination of staff due to lack of state funds
- State or local legislative actions
- Itemized budget histories from one year to the next and information
- Planning documents
- Actual reduction in state or local funds
- Decision to eliminate position or services was made without regard to the availability of federal funds, including the reason the decision was made
- Class-size data from previous years and upcoming year
- Specific policies and procedures related to supplement, not supplant requirements

### **Procedures for Complying with Supplement, Not Supplant**

As part of our checks and balances, the district reviews purchases with federal funds and researches to see if the expenditure, including personnel, has occurred in the past through another fund source. Research includes a review of financial database, budgets, and/or campus improvement plans. Each Grant Manager is required to complete the process prior to approving in the financial software system. Other approvers include Director of Purchasing & Warehouse and Director of Accounting. Human Resources assists in the case of personnel.

If an expenditure has occurred, the information is brought to our Director of Accounting who completes a journal entry to credit the federal fund and charge the local budget.

## **B. Maintenance of Effort (MOE)**

MOE is one of the fiscal requirements, similar to supplement, not supplant, that ensures that federal funds are used to provide services that are in addition to the regular services normally provided by a District. If

MOE is a requirement, it will be included in the authorizing program statute. For example, for most NCLB programs, the MOE requirement is included in Title IX, General Provisions, Part E, Subpart 2, § 9521.

MOE means the District must maintain its expenditures for public education from state and local funds from year to year. A district cannot reduce its own state and local spending for public education and replace those funds with federal funds.

For most federal programs for which MOE applies, such as Title I, Part A, the District's combined fiscal effort per student, or the aggregate expenditures of the District with the respect to the provision of a free public education for the fiscal year preceding the fiscal year for which the determination is made, must be not less than 90% of the combined fiscal effort or aggregate expenditures for the second fiscal year preceding the fiscal year for which the determination is made. (Note: The MOE requirements are different for some grant programs, such as IDEA-B [Individuals with Disabilities Education Act, Part B]).

MOE is based on *actual* expenditures from State and local funds, not on budgeted amounts. The District is responsible for maintaining effort and for documenting compliance with MOE. TEA will verify the District's MOE using fiscal information obtained through the Public Education Information Management System (PEIMS) database.

#### **Expenditures Included in the Determination of MOE**

In determining whether the District has maintained fiscal effort, TEA must consider the District's expenditures from State and local funds for free public education. These include expenditures for

- administration
- instruction
- attendance services
- health services
- pupil transportation services
- operation and maintenance of plant
- fixed charges
- net expenditures to cover deficits for food services
- net expenditures to cover deficits for student body activities

[34 CFR § 299.5\(d\)\(1\)](#)

TEA calculates MOE for school districts and open-enrollment charter schools. TEA includes expenditures for the following functions (specified in FAR) in determining whether the District has met the MOE requirement:

<b>Category</b>	<b>Function</b>
Instruction	11

Category	Function
Instructional Leadership (previously Administration)	21
Instructional Leadership (previously Administration)	12
Curriculum Development and Instructional Staff Development	13
School Leadership	23
Guidance and Counseling Services	31
Social Work Services	32
Health Services	33
Student (Pupil) Transportation	34
<b>Deficits</b> for Cocurricular/Extracurricular Student Body Activities	36
<b>Deficits</b> for Food Services	35
General Administration	41
Plant Maintenance and Operation	51
Data Processing Services	53

### Expenditures Excluded from the Determination of MOE

The following expenditures are *excluded* from the determination of MOE:

- community services
  - capital outlay
  - debt service
  - supplemental expenses made as a result of a Presidentially declared disaster
  - any expenditures made from federal funds
- [34 CFR § 299.5\(d\)\(2\)](#)

### “Preceding Fiscal Year” Defined

For purposes of determining MOE, regulations specify that the “preceding fiscal year” is the federal fiscal year, or the 12-month fiscal period most commonly used in a State for official reporting purposes, prior to the beginning of the federal fiscal year in which funds are available. TEA calculates MOE using State and local expenditures for the **state** fiscal year, or September 1 through August 31. [34 CFR § 299.5\(c\)](#)

### Failure to Meet MOE

If the District fails to meet MOE for NCLB programs for any given fiscal year, the award amount is reduced in the exact proportion by which the District did not meet MOE. The Secretary of Education may waive the requirements for one year due to exceptional or uncontrollable circumstances, such as natural disaster, or a precipitous decline in the financial resources of the District.

### Procedures for Complying with MOE

The District complies with [guidance provided by TEA pertaining to MOE for NCLB programs](#) and for [IDEA-B](#). The Chief Financial Officer will be responsible to comply with MOE and for requesting a waiver from the USDE if applicable.

## **XI. Programmatic Requirements**

### **A. Private Nonprofit School Participation**

If the authorizing federal program statute provides for private nonprofit school participation, the District must comply with certain requirements. Before completing and submitting the application, the District must contact the private nonprofit schools located within the District's boundaries, notifying them of the opportunity to participate in the program. The *Private Nonprofit School Participation* schedule in the applicable federal grant application must be completed and submitted with the application.

Generally, in accordance with the specific program statute, private nonprofit schools must be consulted in the planning and development of the project. Both children and teachers from private nonprofit schools must be assured equitable participation in all services, materials, equipment, and teacher training.

Prior to completing any federal grant application, the District ensures that private nonprofit schools have been consulted in accordance with the provisions of the statute and in accordance with the guidelines specified in TEA's [General and Fiscal Guidelines](#) and Program Guidelines. The program manager/director assigned to the federal program is responsible for ensuring that all requirements with regard to the participation of private nonprofit schools are carried out.

### **B. Equitable Access and Participation**

Provisions for equitable access and participation apply to all federally funded grants administered by the US Department of Education. As such, *Equitable Access and Participation* is a required schedule in the application for any federally funded grant. The application will not be approved in the absence of this schedule.

In accordance with the General Education Provisions Act (GEPA), Section 427, applicants must develop and describe the procedures they will use to ensure equitable access to and equitable participation in the grant program. The barriers to such participation should be identified for all participants and potential participants during the needs assessment phase of the program planning and development.

All applicants, including the District, must address the special needs of students, teachers, and other program beneficiaries to overcome barriers to equitable participation, including those based on gender, race, color, national origin, disability, and age.

The District complies with the requirements for completing the *Equitable Access and Participation* schedule in each federally funded grant application. Each spring, Grant Managers along with district and campus personnel review the Equitable Access and Participation schedule and determine/document if any barriers exists. If barriers are found, the team develops activities to address the barriers. These activities are monitored by Grant Managers.

### C. Civil Rights and Prohibition of Discrimination

Several federal civil rights laws prohibit discrimination in programs or activities that receive federal funds from the USDE. These laws prohibit discrimination on the basis of race, color, and national origin; sex; disability; and age. The civil rights laws extend to all state educational agencies, elementary and secondary school systems, colleges and universities, vocational schools, proprietary schools, state vocational rehabilitation agencies, libraries, and museums that receive USDE funds.

The four primary civil rights laws are as follows:

Subject	Statute	Regulation
Discrimination on the basis of race, color, or national origin	<a href="#">Title VI of the Civil Rights Act of 1964</a> (45 USC §§ 2000d-2000d-4)	<a href="#">34 CFR Part 100</a>
Discrimination on the basis of sex	<a href="#">Title IX of the Education Amendments of 1972</a> (20 USC §§ 1681-1683)	<a href="#">34 CFR Part 106</a>
Discrimination on the basis of handicap	<a href="#">Section 504 of the Rehabilitation Act of 1973</a> (29 USC § 794)	<a href="#">34 CFR Part 104</a>
Discrimination on the basis of age	<a href="#">The Age Discrimination Act</a> (42 USC §§ 6101 et seq.)	<a href="#">34 FR Part 110</a>

**The District must comply with the provisions pertaining to all four of these civil rights statutes and their implementing regulations to be eligible to receive any federal education funds.** GEPA requires the Secretary of Education to reduce an allotment to a state for any Districts not in compliance with any of these four civil rights laws. [Title 20 USC, Chapter 31 – General Provisions Concerning Education, § 1231e](#)

Other federal laws that prohibit discrimination include [Title II of the Americans with Disabilities Act](#) (ADA) of 1990, which prohibits discrimination on the basis of disability by public entities, whether or not they

receive federal funding. The [Boy Scouts of America Equal Access Act](#) amends the Elementary and Secondary Education Act (ESEA) of 1965 in the No Child Left Behind Act (NCLB) of 2001, § 9525. This Act prevents public schools from discriminating against patriotic youth societies, including Boy Scouts of America, by insuring equal access to meet on school premises and in school facilities.

Each civil rights law is discussed in more detail below. These laws require that all recipients of federal funds ensure their educational programs are administered in a manner that prohibits discrimination in the participation of federal programs. The [USDE Office for Civil Rights](#) (OCR) enforces these laws and their implementing regulations.

### **Prohibition of Discrimination on the Basis of Race, Color, or National Origin**

[Title VI of the Civil Rights Act of 1964](#) prohibits discrimination in the participation of federal programs on the basis of *race, color, or national origin*. No person shall be excluded from participation in, be denied the benefits of, or be subjected to any form of discrimination in, any federal program on the basis of race, color, or national origin.

Specific discriminatory actions that are prohibited include

- denying an individual any service or other benefit provided under the program
- providing any service or other benefit to an individual which is different, or is provided in a different manner, from that provided to others under the program
- subjecting an individual to segregation or separate treatment in any matter related to his or her receipt of any service or other benefit under the program
- restricting an individual in any way in the enjoyment of any advantage or privilege enjoyed by others receiving any service or other benefit under the program
- treating an individual differently from others in determining whether he or she satisfies any admission, enrollment, quota, eligibility, membership or other requirement or condition which individuals must meet in order to be provided any service or other benefit provided under the program
- denying an individual an opportunity to participate in the program through the provision of services or otherwise or afford him or her an opportunity to do so which is different from that afforded others under the program
- denying a person the opportunity to participate as a member of a planning or advisory body which is an integral part of the program

Every federal grant application includes an assurance that the District complies with these provisions. The assurance is included in the TEA [General Provisions and Assurances](#).

The District may be required to submit to the USDE OCR records that demonstrate compliance with the provisions. The District must also permit on-site access to records by USDE OCR staff to verify compliance.

Any person who believes to have been the subject of discrimination may file a written complaint with the USDE OCR not later than 180 days following the alleged discrimination. OCR staff will promptly investigate the complaint and attempt to resolve it informally. If the complaint cannot be resolved informally, the USDE has the right to suspend or terminate federal funding for the program affected. The USDE must provide an opportunity for a hearing prior to suspension or termination of the program.

The regulations that implement Title VI of the Civil Rights Act for educational institutions are in [34 CFR Part 100](#), [34 CFR §§ 75.500 and 76.500](#) and [Title VI of the Civil Rights Act of 1964](#)

The Assistant Superintendent for Personnel (Staff) and the Assistant Superintendent for Campus Support (Students) are responsible for coordinating and ensuring compliance with this Act.

### **Prohibition of Discrimination on the Basis of Sex**

[Title IX of the Education Amendments of 1972](#) prohibits discrimination on the basis of sex in any federal program. No person shall, on the basis of sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any academic, extracurricular, research, occupational training, or other education program or activity.

The regulations in [34 CFR Part 106](#) implement the provisions of Title IX. These regulations require that

- the District designate at least one employee to coordinate its efforts to comply with and carry out its responsibilities under Title IX, including investigating any complaint communicated to the District alleging its noncompliance with Title IX. The District must notify all its students and employees of the name, office address, and telephone number of the employee or employees appointed to carry out the requirements of Title IX.
- the District adopt and publish grievance procedures providing for prompt and equitable resolution of student and employee complaints alleging any action which would be prohibited by Title IX.
- the District implement specific and continuing steps to notify students, parents and employees that it does not discriminate on the basis of sex in the educational programs or activities which it operates, and that it is required by Title IX and 34 CFR Part 106 not to discriminate in such a manner. The District must publish in any document used to recruit students or employees the policy that states that the District does not discriminate on the basis of sex.

There are certain exceptions, such as allowing boys and girls to be separated in physical contact activities, such as football, soccer, basketball, boxing, etc.

The District must not discriminate on the basis of a student's pregnancy. The District must also not discriminate on the basis of sex in the employment of personnel, compensation, fringe benefits, or work assignments under any federal programs.

Every federal application includes an assurance that the District complies with these provisions. The assurance is included in the TEA [General Provisions and Assurances](#), [Title IX of the Education Amendments of 1972](#); [34 CFR Part 106](#); and [34 CFR §§ 75.500 and 76.500](#)

The Assistant Superintendent for Personnel (Staff) and the Assistant Superintendent for Campus Support (Students) are responsible for coordinating and ensuring compliance with this Act.

### **Prohibition of Discrimination on the Basis of Age**

The [Age Discrimination Act of 1975](#) prohibits discrimination based on *age* in programs or activities that receive federal financial assistance. The regulations in [34 CFR Part 110](#) implement the *Age Discrimination Act* and describe conduct that violates the Act.

No person in the United States shall, on the basis of age, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance. The District may not, in any program or activity receiving federal financial assistance, directly or through contractual, licensing, or other arrangements, use age distinctions or take any other actions that have the effect, on the basis of age, of

- (1) excluding individuals from, denying them the benefits of, or subjecting them to discrimination under a program or activity receiving federal financial assistance
- (2) denying or limiting individuals in their opportunity to participate in any program or activity receiving Federal financial assistance

These regulations do not apply to

- (1) an age distinction contained in that part of a federal, state, or local statute or ordinance adopted by an elected, general purpose legislative body that
  - (i) provides any benefits or assistance to persons based on age
  - (ii) establishes criteria for participation in age-related terms

(iii) describes intended beneficiaries or target groups in age-related terms

- (2) any employment practice of any employer, employment agency, labor organization, or any labor-management joint apprenticeship training program, except any program or activity receiving federal financial assistance for employment under the Job Training Partnership Act (29 U.S.C. 1501 *et seq.*).

The regulations do not apply where age is a factor in conducting normal operations of the District. For example, where the District is operating a program or activity that provides special benefits to children, the use of age distinctions is presumed to be necessary to the normal operation of the program or activity.

Age discrimination in *employment* is covered under the [Age Discrimination in Employment Act](#). Complaints of employment discrimination based on age may be filed with the U.S. [Equal Employment Opportunity Commission](#).

The District must take steps to comply and maintain records demonstrating compliance. The District may be required to submit to the USDE OCR records that demonstrate compliance with the provisions and must also permit on-site access to records by USDE OCR staff to verify compliance. The District must

- Designate at least one employee to coordinate its efforts to comply with and carry out its responsibilities under the *Age Discrimination Act*, including investigating any complaint communicated to the recipient alleging its noncompliance with the Act. The District must notify all its students of the name, office address, and telephone number of the employee or employees appointed to carry out the requirements of the Act.
- Adopt and publish grievance procedures providing for prompt and equitable resolution of student complaints alleging any action which would be prohibited by the Age Discrimination Act.

The USDE may conduct compliance reviews, pre-award reviews, and other similar procedures to investigate and correct violations of the Act and of the regulations, even in the absence of a complaint against the District. The review may be as comprehensive as necessary to determine whether a violation of the regulations occurred.

If a compliance review or pre-award review indicates a violation of the Act or of the regulations, the USDE attempts to achieve voluntary compliance with the Act. If voluntary compliance cannot be achieved, the USDE arranges for enforcement.

Any person who believes to have been the subject of age discrimination may file a written complaint with the USDE OCR not later than 180 days following the alleged discrimination. OCR staff is required to promptly refer the complaint for mediation. If the complaint cannot be resolved through mediation, the USDE will conduct an investigation and attempt to achieve voluntary compliance by the District. If the District does not comply, the USDE has the right to suspend or terminate federal funding for the program

affected. The USDE must provide an opportunity for a hearing prior to suspension or termination of the program.

The Act prohibits retaliation for filing a complaint with OCR or for advocating for a right protected by the Act.

An assurance that the District complies with these provisions is included in the TEA [General Provisions and Assurances](#), [Age Discrimination Act of 1975](#); [34 CFR Part 110](#); and [34 CFR §§ 75.500 and 76.500](#)

The Assistant Superintendent for Personnel is responsible for coordinating and ensuring compliance with this Act.

### **Prohibition of Discrimination on the Basis of Disability**

In addition to the [Individuals with Disabilities in Education Act](#) (IDEA), there are two other laws pertaining to non-discrimination on the basis of disability:

- [Section 504 of the Rehabilitation Act of 1973](#), which prohibits discrimination on the basis of disability in programs or activities that receive federal financial assistance from the USDE
- [Title II of the Americans with Disabilities Act](#) (ADA) of 1990, which prohibits discrimination on the basis of disability by state and local governments, including school districts, regardless of whether they receive any federal financial assistance

Section 504 of the *Rehabilitation Act of 1973*, effective May 1977, is widely recognized as the first civil-rights statute for persons with disabilities. Because it was successfully implemented over the next several years, it helped to pave the way for the 1990 [Americans with Disabilities Act](#). The *Americans with Disabilities Act Amendments Act of 2008* (Amendments Act), effective January 1, 2009, amended the *Americans with Disabilities Act of 1990* (ADA) and included a conforming amendment to the *Rehabilitation Act of 1973* (Rehabilitation Act) that affects the meaning of *disability* in Section 504.

Section 504 and Title II of ADA are both unfunded mandates with which all school districts [as well as ESCs and open-enrollment charter schools] must comply. **It is important to recognize that while a specific child enrolled in the District may not be eligible for services under IDEA, the child *may* be eligible for protection under Section 504.** Failure to comply with Section 504 could result in costly hearings and potential lawsuits.

### ***Section 504***

Section 504 states that no otherwise qualified individual with a disability in the United States shall, solely by reason of her or his disability, be excluded from the participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance.

Section 504 defines *individuals with disabilities* as “persons with a *physical or mental impairment* which substantially limits one or more *major life activities*.” However, a student protected under Section 504 may also have a *record* of such an impairment or be *regarded* as having such an impairment.

*Physical or mental impairment* means, including but not limited to, functions of the immune system, normal cell growth, digestive, bowel, bladder, neurological, brain, respiratory, circulatory, endocrine, and reproductive functions. It includes any physiological disorder or condition, cosmetic disfigurement, or anatomical loss affecting one or more body systems, as well as any mental or psychological disorder.

*Major life activities* were expanded in the Amendments Act and now include

- caring for oneself
- performing manual tasks
- seeing
- hearing
- eating
- sleeping
- walking
- standing
- lifting
- bending
- speaking
- breathing
- learning
- reading
- concentrating
- thinking
- communicating
- working

The regulations implementing Section 504 in the context of educational institutions appear at [34 CFR Part 104](#). These regulations require a school district to provide a "free appropriate public education" (FAPE) to each qualified student with a disability who is in the school district's jurisdiction, regardless of the nature or severity of the disability. Under Section 504, FAPE consists of the provision of regular or special education and related aids and services designed to meet the student's individual educational needs as adequately as the needs of nondisabled students are met.

Determining whether a child is a *qualified disabled student* under Section 504 begins with the evaluation process. Section 504 requires the use of evaluation procedures that ensure that children are not misclassified, unnecessarily labeled as having a disability, or incorrectly placed, based on inappropriate selection, administration, or interpretation of evaluation materials.

School districts must establish standards and procedures for initial evaluations and periodic re-evaluations of students who need or are believed to need special education and/or related services because of disability. The Section 504 regulations require districts to individually evaluate a student before classifying the student as having a disability or providing the student with special education. In addition, evaluation

and the provision of appropriate accommodations are required regardless of any methods the student might be using to mitigate the impairment.

Costs related to provisions under Section 504 must come from state or local funds. Such expenditure must not be paid from federal grant funds.

### ***Title II of ADA***

[Title II of the Americans with Disabilities Act of 1990](#) extends this prohibition against discrimination to the full range of state and local government (including public schools) services, programs, and activities *regardless of whether they receive any federal financial assistance*.

However, "for purposes of employment", *Qualified Individuals with Disabilities* must also meet "normal and essential eligibility requirements", such that:

"*Qualified Individuals with Disabilities* are persons who, with *Reasonable Accommodation*, can perform the essential functions of the job for which they have applied or have been hired to perform."

"*Reasonable Accommodation* means an employer is required to take reasonable steps to accommodate [one's] disability unless it would cause the employer undue hardship."

That is, *Qualified Individuals with Disabilities* must be able to perform the job duties (with reasonable accommodation) associated with the job for which they will be hired.

### ***Enforcement of Section 504 and Title II of ADA***

The USDE OCR enforces the provisions of *Section 504* and the provisions of *Title II of ADA* as it applies to LEAs. An assurance that the grantee complies with these provisions is included in the TEA [General Provisions and Assurances](#).

Although the implementing regulations for *Title II of ADA* in *28 CFR Part 35* are enforced by the U. S. Department of Justice (DOJ), the USDE Office of Civil Rights is designated by DOJ to resolve complaints filed against SEAs and LEAs.

The Director of Schools coordinates and ensures compliance with the requirements under Section 504. The Director of Special Education coordinates and ensures compliance with the requirements of Title II of ADA.

[Section 504 of the Rehabilitation Act of 1973](#); [34 CFR Part 104](#); [34 CFR §§ 75.500 and 76.500](#); [Title II of the Americans with Disabilities Act of 1990](#); [Americans with Disabilities Act Amendments Act of 2008](#); and [28 CFR Part 35](#)

**Prohibition of Discrimination of Groups Affiliated with Boy Scouts of America**

Under this Act, Districts that sponsor any group affiliated with Boy Scouts of America or any other patriotic youth society must not discriminate against such youth or deny equal access to, or fair opportunity to meet in, school facilities or on school premises. Patriotic youth societies include, among others, Big Brothers Big Sisters, Boys and Girls Clubs of America, Girl Scouts of the U.S.A., and Little League Baseball, Inc. This does not require that the District *sponsor* a group affiliated with Boy Scouts of America or similar patriotic youth society.

The U.S. Supreme Court has ruled that the Boy Scouts have the right to set their own standards for leadership. Schools must respect that right and not exclude the Boy Scouts because of its membership and leadership policies and oath of allegiance to God and country.

[34 CFR Part 108](#) implements the provisions of the Act. The District shall not deny access or opportunity or discriminate for reasons including the membership or leadership criteria or oath of allegiance to God and country of the Boy Scouts or of a similar patriotic youth society.

Any group officially affiliated with the Boy Scouts or officially affiliated with any other patriotic youth society that requests to conduct a meeting in the District's facilities or on school grounds must be given equal access to school premises or facilities to conduct meetings. Such groups must also be given equal access to any other benefits and services provided to other groups that are allowed to meet on school premises or in school facilities. These benefits and services may include, but are not necessarily limited to, school-related means of communication, such as bulletin board notices and literature distribution, and recruitment.

Any decisions relevant to the provision of equal access must be made on a nondiscriminatory basis. Any determinations of which youth or community groups are *outside groups* must be made using objective, nondiscriminatory criteria, and these criteria must be used in a consistent, equal, and nondiscriminatory manner.

The USDE OCR enforces the requirements of the Act.

*ESEA, as Amended by the No Child Left Behind Act of 2001, § 9525, Equal Access to Public School Facilities; Boy Scouts of America Equal Access Act; and [34 CFR Part 108](#)*

**School Prayer**

A related provision applies to constitutionally protected prayer in public schools. As a condition of receiving NCLB funds, the District must certify in writing that no policy of the District prevents, or otherwise denies participation in, constitutionally protected prayer in public elementary and secondary schools. Per statute, the certification must be provided to TEA by October 1 of each year. However, TEA

includes the certification in the federal NCLB Consolidated Application each year in the [NCLB Provisions and Assurances](#), Section N, thus eliminating the need for LEAs to submit a separate certification.

The provision also requires the Secretary to provide guidance to Districts and to publish the guidance on the Internet. A link to the guidance is provided below. *ESEA, as Amended by the No Child Left Behind Act of 2001, § 9524*

[USDE Guidance on Constitutionally Protected Prayer in Public Schools](#)

The Assistant Superintendent for Campus Support coordinates and ensures compliance with the requirements of this Act.

#### D. Program Reporting

Federal regulations require that grantees cooperate in any evaluation of the program. 34 CFR § 76.591. States may require subgrantees to furnish reports that the state needs to carry out its evaluation and performance reporting duties. 34 CFR § 76.722. Evaluation reports must include

- the District's progress in achieving the objectives in its approved application
- the effectiveness of the project in meeting the purposes of the program
- the effect of the project on participants being served by the project

Federal regulations also require that grantees, in this case, TEA, submit, at a minimum, annual performance reports to the federal awarding agency. 2 CFR § 200.328. The federal awarding agency may also require quarterly or semi-annual reports. Performance reports must contain, for each grant, brief information on the following:

- a comparison of actual accomplishments to the objectives established for the project period
- the reasons why established objectives were not met, if applicable
- additional pertinent information including, when appropriate, analysis and explanation of cost overruns or high unit costs

Grantees must adhere to the same standards in prescribing performance reporting requirements for subgrantees.

In addition, events may occur between the scheduled performance reporting dates which have significant impact upon the grant activities. 2 CFR § 200.328(d). In such cases, the regulations require the District to inform TEA, and TEA to inform the USDE or other federal awarding agency, if appropriate, as soon as either of the following conditions become known:

- problems, delays, or adverse conditions which will materially impair the ability to meet the objective of the award. This disclosure must include a statement of the action taken, or contemplated, and any assistance needed to resolve the situation.
- favorable developments which enable meeting time schedules and objectives sooner or at less cost than anticipated or producing more beneficial results than originally planned

The USDE or TEA may make site visits as warranted by program needs.

Program reporting requirements are specified in the *Program Guidelines* accompanying each RFA published by TEA. The program manager/director assigned to the program is responsible for ensuring mechanisms and systems are in place or collecting and analyzing any and all required data and/or information and for reporting such data and/or information in accordance with TEA's requirements.

## XII. Legal Authorities and Helpful Resources

The following documents contain relevant grants management requirements. Staff should be familiar with these materials and consult them when making decisions related to the federal grant.

- Education Department General Administrative Regulations (EDGAR)
  - <http://www2.ed.gov/policy/fund/reg/edgarReg/edgar.html>
- [Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards \(2 CFR Part 200\)](#)
  - <http://www.ecfr.gov/cgi-bin/text-idx?SID=ccccf77e01c9e6d4b3a377815f411704&node=pt2.1.200&rgn=div5>
- [USDE's Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards \(2 CFR Part 3474\)](#)
  - [http://www.ecfr.gov/cgi-bin/text-idx?SID=ccccf77e01c9e6d4b3a377815f411704&tpl=/ecfrbrowse/Title02/2cfr3474\\_main\\_02.tpl](http://www.ecfr.gov/cgi-bin/text-idx?SID=ccccf77e01c9e6d4b3a377815f411704&tpl=/ecfrbrowse/Title02/2cfr3474_main_02.tpl)
- Federal education program statutes, regulations, and guidance
  - <http://www.ed.gov/>

## Appendices

Appendix 1 – District Contacts

Appendix 2 – Organization Chart of the District

Appendix 3 – Purchasing Manual

Appendix 4 – Duncanville ISD Financial Procedures

Appendix 5 – Travel Guidelines

Appendix 6 – Superintendent Approval

## Duncanville ISD - District Contacts

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Director of State & Federal Programs	Mari Zamora	<a href="mailto:mzamora@duncanvilleisd.org">mzamora@duncanvilleisd.org</a>
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Chief Technology Officer	Kyle Berger	<a href="mailto:kberger@duncanvilleisd.org">kberger@duncanvilleisd.org</a>
Director of Technology	Shawntee Cowan	<a href="mailto:scowan@duncanvilleisd.org">scowan@duncanvilleisd.org</a>

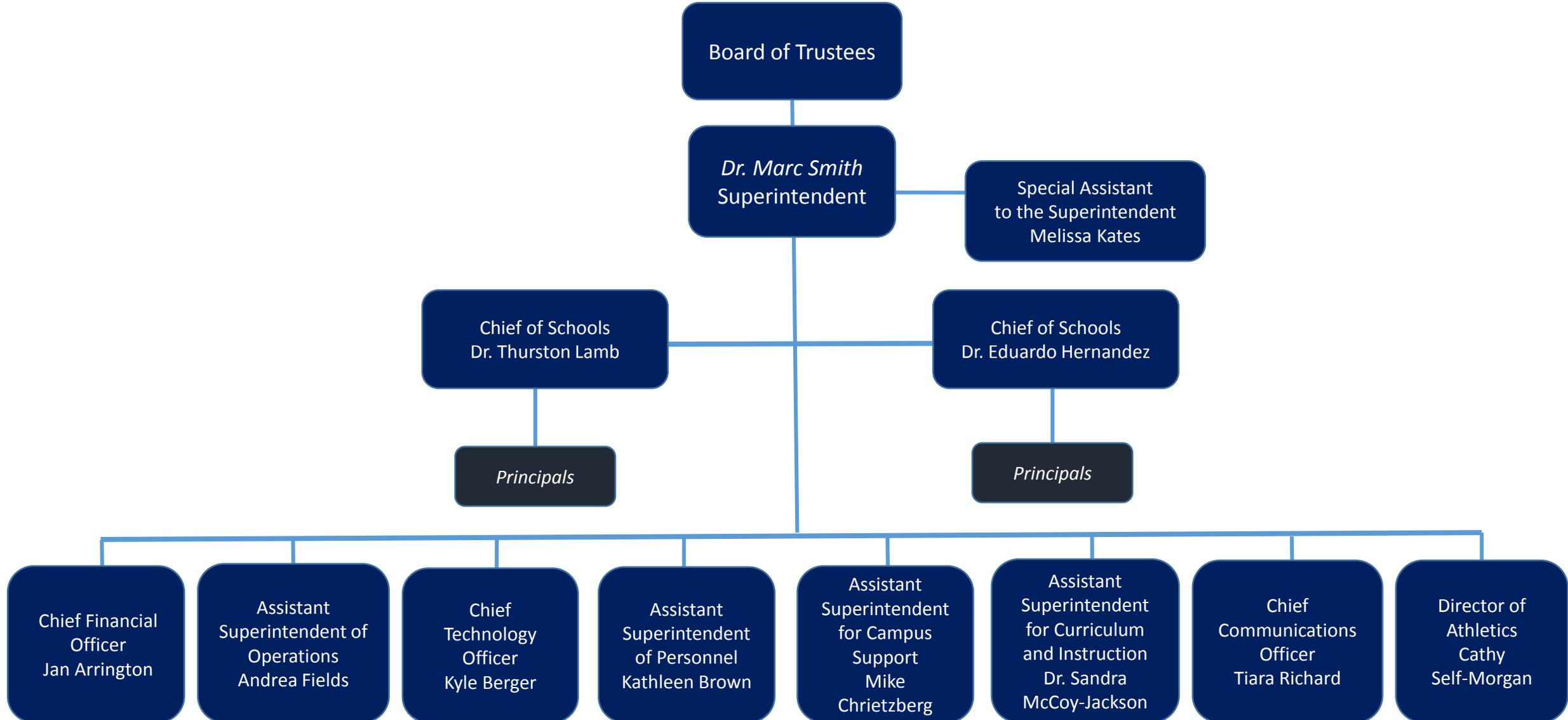


Writing success stories,  
one student at a time.

# Senior Leadership Team

## *Support and Serve*

Appendix 2 - SLT





**DUNCANVILLE**  
Independent School District

# **Purchasing Manual**

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## **SECTION 1.1**

# **DISD PURCHASING DEPARTMENT MISSION STATEMENT, GOALS AND VISION**

### **Mission Statement**

The Purchasing Department's mission is to procure materials and services of the highest quality and best value to support the success of all students.

### **Goals**

- To provide customer satisfaction through effective and cooperative relationships with our internal and external customers.
- To maximize savings and revenue generation potential.
- Provide education and training related to the policies, procedures, processes and regulations related to the acquisition of goods and services.
- Promote a positive, efficient and effective work environment.
- Implement, promote and maintain sound business practices and auditable procedures.

### **Vision**

- To provide full and open competition with the highest ethical standards while meeting the needs of the District and Community.

## SECTION 1.2

### STATUTES, REGULATIONS, AND BOARD POLICY APPLICABLE TO PURCHASING

1. The Texas Education Code, Purchasing Contracts (Primarily sections 44.031 through 44.047). An electronic version of the Texas State Education Code can be obtained at the following website address: <http://www.statutes.legis.state.tx.us/Docs/ED/htm/ED.44.htm#44.031>.
2. The Texas Education Agency (TEA) Financial Accountability System Resource Guide Purchasing Module. The TEA Resource Guide can be accessed at the following website address: [http://www.tea.state.tx.us/index4.aspx?id=1222&menu\\_id=645&menu\\_id2=789](http://www.tea.state.tx.us/index4.aspx?id=1222&menu_id=645&menu_id2=789).
3. Duncanville Independent School District's Board Policy (Sections CH...). The DISD Board Policy can be accessed at the following website address: <https://www.duncanvilleisd.org/>
4. For all purchases with Federal Grant Funds, the district shall comply with the Federal Regulations, EDGAR related to the purchasing of goods and services. [2 CFR 200.317-200.326]
5. All relevant statutes, regulations, board policies and procedures shall be made available to all purchasing stakeholders, as appropriate in paper or electronic format.

## SECTION 1.3

### PURCHASING AUTHORITY

Under the Texas Education Code § 44.0312 (a), the board of trustees of the District may, as appropriate, delegate its authority under this subchapter regarding an action authorized or required by this subchapter to be taken by a school District to a designated person, representative, or committee.

1. The following persons have been delegated authority to act as agents for DISD in carrying out the purchasing activities of the District:
  - a. Superintendent or designee
  - b. Chief Financial and Operations Officer
  - c. Director of Accounting
  - d. Director of Purchasing
2. Budget owners have the authority to initiate and approve purchase requisitions within their authorized budget.
3. Every employee involved in procuring goods or services for the District is responsible for working to attain the District's procurement goals and objectives (See Section 1).
4. Principals share purchasing authority with the purchasing department concerning purchases made from District Funds.

Under Board policy CH (Local) the procurement function is assigned to the Superintendent or designee and Purchasing Department.

The purchasing department shall supervise the purchase of all materials, supplies, equipment, and services for the District.

The purchasing department shall develop appropriate procedures to assure:

- Purchases are made in accordance with appropriate statutes, regulations, and Board policy.
- The existence of a list of approved vendors who have a record of good products, services, and prices.
- Effective advertising for the procurement of products and services.
- The existence of current specification files and expertise in developing meaningful product and service specifications.

Under Board policy CH (Local) Responsibility for Debts, the Board shall assume responsibility for debts incurred in the name of the District so long as those debts are for purchases made in accordance with adopted Board policy and current administrative procedures. The Board shall not be responsible for debts incurred by persons or organizations not directly under Board control; **persons making unauthorized purchases shall assume full responsibility for all such debts.**

## SECTION 1.4

### PURCHASING ETHICS

Public purchasing and the expenditure of public funds require that ethical standards be incorporated into every aspect of the District's purchasing functions. Purchasing personnel and school District employees face the difficult task of developing good vendor relations and encouraging vendor competition while avoiding even the appearance of favoritism or other ethical misconduct. In an effort to get the job done successfully and on time, one may be tempted to circumvent policies, procedures, and laws, or make their own liberal "legal" interpretations of existing policies. Such activity, although well intentioned, will cause ethical problems.

In addition to the information provided in this section, please read the following Board Policy and Administrative Regulation:

- Board policy DH (Legal/Local), Employee Standards of Conduct. This policy resides on the District's web site.
- Board policy DH (Exhibit), Employee Standards of Conduct. This policy resides on the District's web site.

The Texas Education Agency (TEA), *Financial Accountability System Resource Guide – General Ethical Standards and other documents*, prescribes common standards of ethics governing the conduct of employees involved in the purchasing function, which are incorporated in the procedures prescribed below.

**Sequential Purchases** – District employees shall not make purchases, over a period, of items that in normal purchasing practices would be made in one purchase.

**Component Purchases** – District employees shall not make purchases of the component parts of an item that in normal purchasing practices would be made in one purchase.

**Separate Purchases** – District employees shall not make purchases separately in order to circumvent board approval of items that in normal purchasing practices would be made in one purchase.

**Conflict of Interest** – [Local Government Code Chapter 176](#) provides information regarding conflict of interest statements to be filed by vendors and certain school district employees. [HB 1491](#) passed by the 80<sup>th</sup> Legislature made modifications to the requirements for conflict of interest statements. Refer to the [Texas Ethics Commission website](#) for additional information and sample forms.

**Gifts** - A district employee who exercises discretion in connection with contracts, purchases, payments, claims, or other pecuniary transactions shall not solicit, accept, or agree to accept any benefit from a person the public servant knows is interested in or likely to become interested in any such transactions of the District. *Penal Code 1.07(41)(A), (E), 36.08(d)*

**Financial Interest** - District employees shall not participate directly or indirectly in procurement when the employee or the employee's family member has a financial interest pertaining to the procurement.

**Personal Use** - District employees shall not make any commitment to acquire goods or services in the name of the District for personal use or ownership.

**Equal Consideration** - District employees shall grant all competitive suppliers equal consideration insofar as state or federal laws and District policy permit. This is especially important when evaluating bids and proposals.

**Relatives** - No District employee with purchasing authority may authorize the purchase of anything from any person or from any firm that is controlled, owned, or operated by that employee or from a relative within the second degree by blood or marriage of the employee.

## **Texas Education Code 44.032**

(b) An officer, employee, or agent of a school district commits an offense if the person with criminal negligence makes or authorizes separate, sequential, or component purchases to avoid the requirements of Section 44.031(a) or (b). An offense under this subsection is a Class B misdemeanor and is an offense involving moral turpitude.

(c) An officer, employee, or agent of a school district commits an offense if the person with criminal negligence violates Section 44.031(a) or (b) other than by conduct described by Subsection (b). An offense under this subsection is a Class B misdemeanor and is an offense involving moral turpitude.

(d) An officer or employee of a school district commits an offense if the officer or employee knowingly violates Section 44.031, other than by conduct described by Subsection (b) or (c). An offense under this subsection is a Class C misdemeanor.

(e) The final conviction of a person other than a trustee of a school district for an offense under Subsection (b) or (c) results in the immediate removal from office or employment of that person. A trustee who is convicted of an offense under this section is considered to have committed official misconduct for purposes of Chapter 87, Local Government Code, and is subject to removal as provided by that chapter and Section 24, Article V, Texas Constitution. For four years after the date of the final conviction, the removed person is ineligible to be a candidate for or to be appointed or elected to a public office in this state, is ineligible to be employed by or act as an agent for the state or a political subdivision of the state, and is ineligible to receive any compensation through a contract with the state or a political subdivision of the state. This subsection does not prohibit the payment of retirement benefits to the removed person or the payment of workers' compensation benefits to the removed person for an injury that occurred before the commission of the offense for which the person was removed. This subsection does not make a person ineligible for an office for which the federal or state constitution prescribes exclusive eligibility requirements.

(f) A court may enjoin performance of a contract made in violation of this subchapter. A county attorney, a district attorney, a criminal district attorney, a citizen of the county in which the school district is located, or any interested party may bring an action for an injunction. A party who prevails in an action brought under this subsection is entitled to reasonable attorney's fees as approved by the court.

Employees involved in the purchasing process are exposed to more than ordinary temptations because they are involved with the expenditure of large amounts of public money. Strict adherence to the above standards are critical to the protection of the employee's and the District's reputation. Any violations to these standards shall be reported immediately to the Purchasing Department.

## SECTION 1.5

### CONTROL ENVIRONMENT

Texas Education Agency guidance states that “A district needs a strong control environment in which to perform the purchasing function”. Three activities govern a strong and successful control environment:

1. A comprehensive purchasing manual.
2. Monitoring purchasing activities by all employees involved with the procurement of goods and services.
3. Training personnel on purchasing procedures.

**The purchasing *manual* is a primary tool for establishing a strong control environment and must be adhered to by employees of the District.** The purchasing manual provides written procedures designed to detect and prevent the circumvention of statutes, regulations, and board policy applicable to purchasing.

If a situation occurs which is not addressed in the purchasing manual, it should be brought to the attention of the purchasing department to determine the proper course of action. If it is likely that this situation will reoccur, the proper procedures will be included in a revision to the purchasing manual.

In addition to the purchasing manual, the following activities enhance the control environment and require monitoring by those involved in procuring goods and services:

- ***Approval of purchase requisitions at the campus and departmental levels.*** The campus principal or department head should review for need and approve purchase requisitions before they are submitted to the centralized purchasing department for processing. If a purchase is grant funded, approval by the appropriate compliance officer is required.
- ***Approval of purchase orders.*** The Director of Purchasing and or other designated personnel will review requisitions for compliance before approving purchase orders for issuance to vendors.
- ***Supervision of purchasing process.*** Vigilance in the supervision of the entire purchasing function on a daily basis is essential.
- ***Segregation of duties among Purchasing, Accounts Payable and Accounting personnel.*** The Purchasing, Accounts Payable and , Accounting personnel along with the Chief Financial and Operations Officer, and ultimately the Superintendent are responsible to ensure that duties among purchasing, accounts payable and accounting personnel are properly segregated (to the degree possible) to provide a checks-and-balances environment.

- ***Maintenance of purchasing files and records.*** The purchasing staff should be trained and supervised so that purchasing files and records are complete and maintained in an orderly fashion for the period required by law.
- ***Control over incoming merchandise.*** Receiving personnel (either centralized or decentralized) should be trained and monitored to ensure that the proper procedures are followed with incoming merchandise (i.e., the counting and inspection of merchandise received, and the completion of receiving reports).
- ***Verification of invoices with purchase orders and on-line receiving information.*** Although receiving personnel are responsible for the initial verification, accounts payable personnel verify that the invoice, the purchase order, and the on-line receiving information match before presenting the invoice for approval for payment.
- ***Verification of delivery.*** All campuses and/or departments are responsible for ensuring that the deliveries are in agreement with its original purchase order.
- ***Internal review of the purchasing processes.*** An internal review of the purchasing activities should be performed periodically. This review is usually conducted by the District to ensure that purchasing policies and procedures are being followed by district personnel.
- ***Training of district personnel.*** Formal training is conducted at least annually normally at the beginning of the school year. However, training and communication should be ongoing throughout the school year through revisions to the purchasing manual and emails/newsletters to a purchasing news group.

## Risk Management

There are numerous risks factors associated with the procurement of goods and services. A few examples would include:

- Violating statues and regulations governing appropriate procurement methods.
- Failing to comply with Board policies.
- Initiating purchases without Board approval or an approved purchase order.
- Abusing purchasing authority and committing fraud.
- All purchases with federal grant funds shall also adhere to the EDGAR Procurement Standards.

## Responsibilities

In order to maintain a strong control environment for the procurement function, the following responsibilities and actions shall be taken in order to minimize risk.

## **Chief Financial and Operations Officer and Director of Accounting**

- Shall establish and maintain a reliable and financially accountable control environment for procuring goods and services.

## **Purchasing Director**

- Shall assign responsibilities and establish procedures within the Purchasing Department for monitoring procurements in order to comply with the statutory requirements and Board policies.
- Shall continually monitor the District's procurement activities, assess risks, and improve the procurement control activities.

## **Purchasing Director / Designee**

- Shall be the only authorized personnel to make purchase commitments and issue purchase orders. Because schools and departments must contact vendors to obtain information to prepare purchase requisitions, it must be communicated and explained to the vendor that the request for information does not represent a commitment to purchase.

## **Assigned Budget Owners**

- Shall plan purchases for each budget year in order to maximize opportunities to use competitive procurement options.
- Shall coordinate purchases with the Purchasing Department for competitive procurement if no approved vendor exists for the particular purchase.
- Shall process all requests for procurements that costs or aggregate to a cost of \$50,000 or more through the Purchasing Department for Board approval.
- Shall only initiate and approve purchase requisitions that are within their approved budget and ensure proper account coding.

## **Purchasing Card Administrator**

- Ensure that the use of purchasing cards is in compliance with District policies and procedures.

## **Purchasing Card Holders**

- Shall only make purchases within authorized expenditure limits and in accordance with the District's purchasing procurement card policies and procedures.

## **All employees**

- Shall strictly adhere to the Board policy and this manual to control procurement activities.

## SECTION 1.6

### COMPETITIVE PROCUREMENT

#### Centralized Purchasing Function

From a supply and demand perspective, the purchasing department seeks to complete the competitive procurement process prior to the District's need.

DISD utilizes centralized purchasing. Centralized purchasing is the act of combining related items or commodities of various schools and departments to coordinate purchases and obtain better prices. Centralized purchasing enables a district to coordinate purchases when two or more campuses or departments have common requirements for supplies, equipment, and or services. The centralized purchasing function is used to coordinate purchases of two or more campuses or departments as follows:

- Combining on purchase order forms the individual purchase requirements of two or more teachers, departments, or campuses; and
- Arranging for favorable purchase terms, for example discount from retail or catalog prices, for items to be purchased "as needed" by individual employees.
- Providing the proper purchasing mechanism to ensure district compliance with state laws and local policies.

#### Decentralized Decision Making

DISD also utilizes decentralized decision making to schools and departments. From a purchasing perspective this means the schools and departments (the end-users) determine *what* they need and *when* they need it. These subject matter experts determine how to best meet the needs of our students. However, the final commitment of District funds can only occur by the Purchasing Department.

#### Purchases over \$50,000 (Board Approval Required)

Any purchase order or contract not supported by a purchase order that exceeds \$50,000 shall require Board approval before a transaction may take place. The Superintendent is not required to obtain Board approval for the following types of budgeted purchases, regardless of cost, but shall subsequently report them to the Board:

1. A purchase made pursuant to a Board-approved inter local contract, in accordance with law;
2. A purchase made through a cooperative purchasing program or state purchasing program that satisfies the District's obligation for competitive purchasing [see CH(LEGAL)];
3. A continuing or periodic purchase under a Board-approved bid or contract throughout the duration of the renewal periods;

4. A sole-source purchase, in accordance with law; or
5. A purchase for produce or fuel.

## **Purchases over \$50,000**

Except as provided by this subchapter, all school district contracts, except contracts for the purchase of produce or vehicle fuel, valued at \$50,000 or more in the aggregate for each 12- month period shall be made by the method, of the following methods, that provides the best value for the district.

- (1) Competitive bidding;
- (2) Competitive sealed proposals;
- (3) A request for proposals, for services other than construction services;
- (4) An inter local contract;
- (5) A design/build contract;
- (6) A contract to construct, rehabilitate, alter, or repair facilities that involves using a construction manager;
- (7) A job order contract for the minor construction, repair, rehabilitation, or alteration of a facility;
- (8) The reverse auction procedure as defined by Section 2155.062(d), Government Code; or
- (9) The formation of a political subdivision corporation under Section 304.001, Local Government Code.

## **Exceptions to Competitive Bidding - Texas Education Code 44.031 (a) and (b)**

### **1. Professional and Consulting Services**

Under Texas Education Code 44.031 (f), this section (**Competitive Bidding**) **does not apply to a contract for professional services rendered, including services of an architect, attorney, or fiscal agent.** A school district may, at its option, contract for professional services rendered by a financial consultant or a technology consultant in the manner provided by Section 2254.003, Government Code, in lieu of the methods provided by this section. ***NOTE: federally funded professional service contracts must be let on a competitive basis.***

Competitive bids shall not be solicited for professional services of any licensed or registered:

- certified public accountant,
- architect,
- landscape architect,
- land surveyor,
- physician,
- optometrist,
- professional engineer,
- state-certified or state-licensed real estate appraiser,
- or registered nurse.
- *Attorney*
- *Fiscal agent*
- *Financial consultant*
- *Technology consultant*

Contracts for these professional services shall be made on the basis of demonstrated competence and qualifications to perform the services and for a fair and reasonable price. *Government Code 2254.002, 2254.003(a)*.

According to Duncanville ISD Local Policy CH (Local), when a purchase order for professional and consulting services exceeds \$50,000, these services shall be formally, competitively acquired using the Professional Services Procurement Act, Texas Government Code Chapter 2254, except for those sole source items as described in Texas Education Code 44.031.

## 2. Emergency Purchases

Under Texas Education Code 44.031 text of subsec. (h) as amended by Acts 1999, 76th Leg., ch. 922, if school equipment, a school facility, or a portion of a school facility is destroyed, severely damaged, or experiences a major unforeseen operational or structural failure, and the board of trustees determines that the delay posed by the contract methods required by this section would prevent or substantially impair the conduct of classes or other essential school activities, then contracts for the replacement or repair of the equipment, school facility, or portion of the school facility may be made by a method other than the methods required by this section.

According to Duncanville ISD Local Policy CH (Local), the Board delegates the authority to make emergency purchases where school equipment or facilities are destroyed, severely damaged, or experience a major unforeseen operational or structural failure, to the Superintendent, any such emergency purchase shall be subsequently reported to the Board.

## 3. Sole Source Purchases

Under Texas Education Code 44.031 (j), without complying with Subsection (a), a school district may purchase an item that is available from **only one source** (commonly called sole source or single source). Included in the definition of sole source items are the following:

1. An item for which competition is precluded because of the existence of a patent, copyright,

secret process, or monopoly;

2. A film, manuscript, or book;
3. A utility service, including electricity, gas, or water, and
4. A captive replacement part or component for equipment.

Note: Sole source does not apply to mainframe data-processing equipment and peripheral attachments with a single item purchase price in excess of \$15,000.

The district has a sole source affidavit to document purchases made under the sole source purchase exception. The sole source affidavit may be found on the Districts Purchasing Website. Additionally, sole source purchases that exceed \$50,000 require Board approval prior to the transaction taking place.

## **Advertisement**

Under Texas Education Code 44.033 (b), notice of the time by when and place where the bids or proposals, or the responses to a request for qualifications, will be received and opened shall be published in the county in which the district's central administrative office is located, once a week for at least two weeks before the deadline for receiving bids, proposals, or responses to a request for qualifications. The two week advertisement requirement is a minimum requirement, additional time may be necessary based on the complexity of the bid/proposal.

## **Competitive Procurement**

Competitive bidding is a formal process consisting of procedures that may also be referred to as competitive sealed bidding, or more simply as bids.

The request for bids contains the purchase description or specifications covering the item(s), the terms and conditions for the bid contract, the time and place for opening bids and other provisions, as necessary. The advertisement for bids; and description in the request for bids of item(s), and specific terms and conditions must be done in a manner that accomplishes the primary purposes of competitive bidding - stimulate competition and obtain the best value for the goods/item(s) needed.

## **Purpose and Intent for Competitive Bidding**

The purpose and intent of competitive bidding is to help public schools secure the best materials at the best value by stimulating competition. If a district advertises purchasing needs relating to large expenditures, purchasing in large quantities will normally result in greater cost savings (in the aggregate) or lower costs per unit/item.

The following procurement methods and procedures shall be utilized for all purchases with federal grant funds:

## **Micro-purchase procurement (less than \$3000) – EDGAR Regulations**

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

## **Small purchase procurement (up to \$150,000) – EDGAR Regulations**

Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources.

## **Non-competitive procurement (sole source, etc.) – EDGAR Regulations**

Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used only when one or more of the following circumstances apply:

1. The item is available only from a single source;
2. The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
3. The Federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the non-Federal entity; or
4. After solicitation of a number of sources, competition is determined inadequate.  
[78 FR 78608, Dec. 26'2012, as amended at 79 FR 75885, Dec. 19,2014]

## **Tie Bids**

If the District receives two or more bids from responsible bidders that are identical, in nature and amount, as the lowest and best bids, it shall select only one bidder from the identical item(s).

If only one of the bidders submitting identical bids is a resident of the District, that bidder shall be selected. If two or more such bidders are residents of the District, one shall be selected by the casting of lots. In all other cases, one of the identical bids shall be selected by the casting of lots.

The Board shall prescribe the manner of casting of lots and shall be present when the lots are cast. All qualified bidders or their representatives may be present at the casting of lots.

## **Competitive Sealed Proposals (CSP)**

The use of Request for Competitive Sealed Proposals is normally used when competitive bidding is either not practicable or not advantageous to the district. Basically, competitive sealed proposals allow for negotiations in addition to the basic bidding process. Terms and conditions are identical as those for competitive bidding except any reference to bids should be changed or interpreted as offers or offerors. Additionally, anything addressing the finality of the offer needs to be disregarded because proposals are negotiable.

## Request for Proposals (RFP)

Proposal procedures provide for full competition among proposals. The procedures allow for negotiation with the proposer or proposers to obtain the best services at the best value. During the evaluation process prior to award of a contract, the negotiation process allows modification and alteration of both the content of the proposals and price. The following note further explains the primary difference between bids and proposals. *(Note: The competitive bidding process requires that bids be evaluated and awards be made solely upon bid specifications, terms and conditions contained in the request for bids document, and according to the bid prices offered by vendors and pertinent factors that may affect contract performance; no substantive changes are permitted to the bid terms, conditions and specifications).*

Professional and nonprofessional service contracts involving federal funds are required to be let on a competitive basis, under 34 CFR Section 80.36 (Code of Federal Regulations). Competitive procurement procedures, Section 44.031(a) (2)-(8), TEC, are for certain procurement situations as an alternative to competitive bidding procedures. Chapter 2254, Government Code, prohibits competitive bidding for certain types of professional services, including engineering, architectural, accounting and certain other services; and requires a two-step procedure, as defined in Chapter 2254, Government Code, for the procurement of architectural and engineering services. Competitive proposal procedures are recommended, where other procurement procedures are not required according to state or federal rules, laws or regulations, to stimulate competitive prices for services.

In connection with certain professional service contracts, specifically architectural or engineering, Chapter 2254, Government Code, requires a two-step negotiation process. The two-step process only allows negotiation of price after an initial selection based upon demonstrated competence and qualifications of the person/firm.

Below is an example of a RFCSP process. It may also be used for a RFP, with appropriate modifications made to accommodate the less structured requirements of that method.

### Components of the Request for Proposals

Notice	Identical to Competitive Bidding.
Statement of Work	This includes a description of the service (and associated goods if any) to be performed.
Proposal Clauses	Can be identical to the competitive bids, but may be subject to negotiations.

### Negotiation

Negotiation is the most difficult part of the Request for Proposal process, and the most difficult to control. From the beginning of the process through contract award, it must be made clear to vendors and using departments/campuses that designated person(s) may do the negotiation for the district. Negotiation is subject to the same guidelines as any purchasing action: impartiality and equal opportunity to compete.

## Evaluation/Contract Award Criteria

Under Texas Education Code 44.031 (b), except as provided by this subchapter, in determining to whom to award a contract, the district shall consider:

- (1) the purchase price;
- (2) the reputation of the vendor and of the vendor's goods or services;
- (3) the quality of the vendor's goods or services;
- (4) the extent to which the goods or services meet the district's needs;
- (5) the vendor's past relationship with the district;
- (6) the impact on the ability of the district to comply with laws and rules relating to historically underutilized businesses;
- (7) the total long-term cost to the district to acquire the vendor's goods or services;
- (8) for a contract for goods and services, other than goods and services related to telecommunications and information services, building construction and maintenance, or instructional materials, whether the vendor or the vendor's ultimate parent company or majority owner:
  - (A) ) has its principal place of business in this state; or
  - (B) employs at least 500 persons in this state; and
- (9) any other relevant factor specifically listed in the request for bids or proposals.

**The criteria above shall also be used to select vendor for the procurement of goods and services paid with federal grant funds.**

## Out-of-State Bidders

The Board shall not award a contract for general construction, improvements, services, or public works projects or for purchase of supplies, materials, or equipment to a bidder whose principle place of business is not in the state, unless the nonresident underbids the lowest bid submitted by a responsible resident bidder by an amount that is not less than the amount by which a resident bidder would be required to underbid a nonresident bidder to obtain a comparable contract in the state in which the nonresident's principal place of business is located. *Gov't Code 2252.001, 2252.002*

This requirement shall not apply to a contract involving federal funds. The District shall rely on information published by the comptroller in evaluating the bids of a nonresident bidder. *Gov't Code 2252.003, 2252.004*

## **Cooperative/Interlocal Agreement Purchases**

A centralized purchasing function can also be performed on a regional level through a cooperative/interlocal agreement among districts or the regional education service center. Cost savings through a regional centralized purchasing function are achieved through both discounted prices and administrative cost savings to individual districts. If the district participates in a cooperative purchasing program, it satisfies any law requiring it to seek competitive bids. *Local Government code 791.001, 791.011, 791.025 (b(-f); Atty Gen. Op. JC-37 (1999))*

The most common cooperative/interlocal agreements utilized by our district are as follows. Additionally each of these cooperatives maintains websites to awarded contract and vendors that we can purchase from.

### **Allied States Cooperative (ESC-Region 19)**

The ESC-Region 19 Purchasing (Allied States Cooperative) is a national governmental cooperative which competitively bids and awards contracts to local, regional and national vendors in compliance with local, state and federal procurement laws and regulations, thereby satisfying the requirements under Texas Education Code 44.031 (a); (b). No fees are charged to members and members deal directly with the vendors who can provide the goods and/or services required. The website is [www.alliedstatescooperative.com](http://www.alliedstatescooperative.com).

### **Choice Partners Cooperative (Harris County Department of Education)**

Colleges and universities, counties, municipalities, school districts, and other governmental agencies and political subdivisions, and nonprofits within or outside Texas, may access Choice Partners national cooperative legal, competitively bid facilities contracts under Intergovernmental Code 791.

The benefits of working with Choice Partners are that they provide a quality; quick method of delivering facilities services which:

- Saves staff time in purchasing - Contracts are already competitively procured
- Saves staff time in construction, purchasing and food services
- Saves on budgets while saving taxpayer dollars
- Improves procurement initiatives and efficiency
- Extends staff time through use of these contracts

The website is [www.chiocepartners.org](http://www.chiocepartners.org).

### **Educational Purchasing Cooperative of North Texas (EPCNT)**

With a vision of cooperating together to improve their procurement power on like products and services, the Educational Purchasing Cooperative of North Texas (EPCNT) became a reality in 2002 through the coordinated efforts of North Texas public school districts. EPCNT is comprised of public school districts located in the Region X and XI Education Service Center areas. The website is [www.epcnt.com](http://www.epcnt.com).

## **HGACBuy**

The Houston-Galveston Area Council (H-GAC) is a regional council of governments operating under the laws of the State of Texas and government by a board comprised of 36 elected officials from 13 county region. The H-GAC Board awards all contracts, which can then be made available to local governments nationwide thru HGACBuy. Enabling statutes for HGACBuy can be found in the Government Code, Title 7. Intergovernmental Relations, Chapter 791 Interlocal Cooperation Contracts, Subchapter B, General Interlocal Contracting Authority, Subchapter C, Specific Interlocal Contracting Authority. The website is [www.hgacbuy.org](http://www.hgacbuy.org).

## **Multi Region Purchasing Co-op MRPC (ESC-Region 6,7,10, 11, 12 and 15)**

The Region 10 Education Service Center will organize, administer, tabulate, advertise, award the bids and act as a coordinating center for all bids. Authority for such services is granted by section 8.053 of the Texas Education Code.

The goal of the Multi Region Co-op is to offer the member districts a substantial savings on specific commercial food items and USDA commodity processed items. By volume purchasing, districts are able to save more money than bidding as a single district.

The Multi Region Co-op offers two cooperatives -- Commercial and Commodity -- to assist districts with their food purchasing needs. Districts may participate in one or both options. The membership fee is the same if you use one or both options. The website is [www.region10.org/mrpc](http://www.region10.org/mrpc).

## **National Cooperative Purchasing Alliance NCPA**

NCPA is a leading national government purchasing cooperative working to reduce the cost of goods and services by leveraging the purchasing power of public agencies. Enabling statutes for NCPA can be found in the Government Code, Title 7. Intergovernmental Relations, Chapter 791 Interlocal Cooperation Contracts, Subchapter B, General Interlocal Contracting Authority, Subchapter C, Specific Interlocal Contracting Authority. The website is [www.ncpa.us](http://www.ncpa.us).

## **National Joint Powers Alliance NJPA**

NJPA, a public entity created by Minnesota Statute 123A.21, has followed procurement procedures for products and/or services offered by this Agreement in accordance with Minnesota Statute §471.345. NJPA is permitted to engage in cooperative purchasing pursuant to Minnesota Statute 123A.21, subd. 7(23). Enabling statutes for NJPA can be found in the Government Code, Title 7. Intergovernmental Relations, Chapter 791 Interlocal Cooperation Contracts, Subchapter B, General Interlocal Contracting Authority, Subchapter C, Specific Interlocal Contracting Authority. Participating Members are permitted to negotiate and agree to additional terms and conditions with NJPA Vendors directly. The website is [www.njpacoop.org](http://www.njpacoop.org).

## **Purchasing Association of Cooperative Entities PACE (ESC-Region 13 and Region 20)**

The ESC-Region 8 and 20 sponsored cooperative Purchasing Association of Cooperative Entities (PACE) is available for use by all public and private schools, colleges, universities, cities, counties and government entities. It provides awarded vendors that have been competitively awarded in compliance with local, state and federal procurement laws and regulations, thereby satisfying the requirements under Texas Education Code 44.031 (a); (b). No fees are charged to members. The website is [www.pacecoop.org](http://www.pacecoop.org).

## **Texas Association of School Boards (TASB BuyBoard)**

The Texas Local Government Purchasing Cooperative was created to increase the purchasing power of government entities throughout Texas and to simplify their purchasing by using a customized electronic purchasing system, called the BuyBoard. Each product and service on the BuyBoard has been competitively bid and awarded based on Texas Statutes, thereby satisfying the requirements under Texas Education Code 44.031 (a); (b). The website is [www.buyboard.com](http://www.buyboard.com).

## **Texas Association of School Boards (TASB Energy Cooperative)**

The Texas Local Government Purchasing Cooperative was created to increase the purchasing power of government entities throughout Texas and to simplify their purchasing of energy. These contracts have been competitively bid and awarded based on Texas Statutes, thereby satisfying the requirements under Texas Education Code 44.031 (a); (b). The website is [www.tasb.org/services/TASB-Energy-Cooperative.aspx](http://www.tasb.org/services/TASB-Energy-Cooperative.aspx).

## **Texas Procurement and Support Services (TPASS)**

Texas Procurement and Support Services (TPASS) awards and manages hundreds of statewide contracts on behalf of more than 200 state agencies and 1,800 cooperative purchasing members. With a massive marketplace and billions of dollars in purchasing power, Texas offers abundant opportunities for vendors of a wide variety of goods and services, including minority- and women-owned businesses. The website is [www.window.state.tx.us/procurement](http://www.window.state.tx.us/procurement).

1. **TXMAS** – Texas multiple award schedule (TXMAS) contracts that have been developed from contracts that have been competitively awarded by the federal government or any other governmental entity of any state. As the responsible federal entity, the General Services Administration’s (GSA) Federal Supply Service awards Federal Supply Schedule contracts by competitive procurement procedures for more than 50 schedules that cover multiple commodities and services. The prices reflected on GSA schedule contracts are the most favored customer (MFC) prices and the maximum price allowable. TXMAS contracts take advantage of the MFC pricing and under certain circumstances, an agency or local government entity, may negotiate a lower price for the goods or services offered on a schedule contract. A “best value” purchase can be made by following the TXMAS purchasing procedures.

2. **DIR** – Department of Information Resources. The 79th Texas Legislature signaled a clear mandate for the state to restructure the roles and responsibilities for its investment in information and communications technology. DIR responded to this mandate in its [2005 State Strategic Plan for Information Resources Management](#). In that document, DIR established five statewide goals:
  - Reduce Government Costs
  - Drive Effective Technology Contracting
  - Leverage Shared Technology Operations
  - Promote Innovative Use of Technology that Adds Value
  - Protect Technology and Information Assets

DIR continues to ensure the effective and efficient use of public funds by promoting opportunity and economic prosperity for the state’s citizens through the successful application of statewide services and technologies that are beneficial, secure, accessible, and utilize a statewide shared infrastructure.

## **The Cooperative Purchasing Network (TCPN)**

The Cooperative Purchasing Network (TCPN) is the Region IV Education Service Center cooperative purchasing program. Enabling statutes for TCPN can be found in the Government Code, Title 7. Intergovernmental Relations, Chapter 791 Interlocal Cooperation Contracts, Subchapter B, General Interlocal Contracting Authority, Subchapter C, Specific Interlocal Contracting Authority.

TCPN is available for use by all public and private schools, colleges, universities, cities, counties, and other government entities in the State of Texas. Participation in TCPN is not required of government entities. However, participation by government entities can provide the legally required competition for contracts for commonly purchased items thereby saving the individual entity the cost of going through the competitive process. Vendors with TCPN awarded contracts have agreed to provide the best pricing, terms and conditions available to similar customers. The website is [www.tcpn.org](http://www.tcpn.org).

## **The Interlocal Purchasing System TIPS (ESC-Region 8)**

The ESC-Region 8 sponsored cooperative The Interlocal Purchasing System (TIPS) is available for use by all public and private schools, colleges, universities, cities, counties and government entities. It provides awarded vendors that have been competitively awarded in compliance with local, state and federal procurement laws and regulations, thereby satisfying the requirements under Texas Education Code 44.031 (a); (b). No fees are charged to members. The website is [www.tips-usa.com](http://www.tips-usa.com).

## **Purchasing Methods Regarding Facilities Construction**

Regarding construction of school facilities, see Board Policy CV, CVB for competitive sealed proposals; CVC for design/build contracts; CVD for construction manager-agent, CVE for contracts using a construction manager-at-risk; and CVF for job order contracts for minor repairs/alterations.

## Model for the Competitive Procurement Process

The competitive procurement process is lengthy and adequate time must be allowed to complete the tasks identified below. For this reason, the purchasing department seeks to complete the competitive procurement process prior to a District need arising.

<b>MODEL COMPETITIVE BIDDING/PROPOSAL PROCESS FOR PERSONAL PROPERTY AND SERVICES</b>		
<b>Task</b>	<b>Description</b>	<b>Whose Responsible</b>
<b>Evaluate Purchasing Needs &amp; Confirm Availability of Approved Budgeted Funds.</b>	Establish the minimum acceptable requirements that the product/service must meet and ensure that funds are available to procure such products/services needed.	User department/campus
<b>Prepare Bid/Proposal Specifications</b>	<p>Prepare detailed written specifications to define the product/service the district is seeking/soliciting. Specifications must contain adequate technical descriptions to clearly identify the type of material, equipment, or services required. Descriptions must include quantitative data such as size, weight, or volume and qualitative data such as commercial grade, texture, finish, strength, chemical analysis, or composition where required. The specifications must also include;</p> <ul style="list-style-type: none"> <li>• Detailed description of the item/service that specifies the minimum acceptable requirements the user department/campus will accept. Industry standards should be utilized whenever possible.</li> <li>• Evaluation/award criteria in addition to the required criteria mentioned above.</li> <li>• Quantity required.</li> <li>• Required delivery date and/or period of performance for the contract.</li> </ul>	User department/campus

**MODEL COMPETITIVE BIDDING/PROPOSAL PROCESS FOR PERSONAL PROPERTY AND SERVICES**

Task	Description	Whose Responsible
	<ul style="list-style-type: none"> <li>• Any relevant prints, diagrams, and/or samples of the item requested.</li> <li>• Suggested source(s) of supply. Vendor name, address, phone number, email, etc.</li> </ul> <p>Specifications must be provided to the Purchasing Department electronically (<b>via email preferred</b>) in Microsoft Word format.</p>	
<b>Review Bid/Proposal Specifications</b>	Review the item/service specifications to determine if competitive bids/proposals can be obtained and to ensure that Board policies and state laws are followed.	Purchasing Department
<b>Advertise</b>	Ensure bid/proposals are published once per week for at least two weeks before the deadline for receiving bids, proposals, or responses to a request for qualifications. Additionally, bids/proposals are published on the DISD Purchasing Website <a href="http://www.duncanvilleisd.org">www.duncanvilleisd.org</a> .	Purchasing Department
<b>Pre-Bid/Proposal Conference</b>	Optional procedure as needed. This conference is used to allow vendors to meet with District personnel to clarify specification requirements or to conduct site visits. <ul style="list-style-type: none"> <li>• Document all attendees</li> <li>• Collection of all questions and answers and posting as an addendum is recommended.</li> </ul>	User department/campus and Purchasing Department
<b>Open Bid/Proposal</b>	Bids/proposals will be opened at the date, time, and place specified in the request for bids or proposal.	Purchasing Department

**MODEL COMPETITIVE BIDDING/PROPOSAL PROCESS FOR PERSONAL PROPERTY AND SERVICES**

Task	Description	Whose Responsible
<b>Evaluate Bid/Proposal</b>	Review bids/proposal responses and evaluate responses using established Vendor Award Criteria.	User department/campus and Purchasing Department
<b>Prepare Written Recommendation</b>	<p>Prepare a written recommendation containing the following information and forward to the Purchasing Department.</p> <ol style="list-style-type: none"> <li>1. Description of supply, product, or service</li> <li>2. Evaluation results (list criteria used to evaluate)</li> <li>3. Name of recommended vendor</li> <li>4. Justification for recommendation:               <ol style="list-style-type: none"> <li>a. If the best value bid is not recommended, list the reason(s) for rejection</li> <li>b. Explain how best value was determined (price, quality, delivery, etc.?)</li> </ol> </li> <li>5. Signature of appropriate approval authority for award recommendation. If the purchase exceeds \$50,000 the appropriate signature is required.</li> </ol> <p>If all bids/proposals are rejected and a re-bid process will take place, the letter must contain:</p> <ol style="list-style-type: none"> <li>1. Description of supply, product or service.</li> <li>2. Justification for recommendation to reject all bids, listing reasons for rejection of every bid.</li> </ol>	User department/campus

**MODEL COMPETITIVE BIDDING/PROPOSAL PROCESS FOR PERSONAL PROPERTY AND SERVICES**

Task	Description	Whose Responsible
	<ul style="list-style-type: none"> <li>3. Request to re-bid.</li> <li>4. Estimated cost/ expenditures.</li> <li>5. Fund code, fund name, and budget owner.</li> <li>6. Signature of appropriate approval authority for award recommendation and board letter.</li> </ul>	
<b>Obtain Board of Trustees Approval</b>	Board approval is required before the successful bidder/proposer is notified of the award. (Note: Board meetings are normally held on the second Monday of each month).	Purchasing Department
<b>Award Bid/Proposal</b>	Notify successful bidder(s)/proposer(s) via award letters or properly executed purchase order. Obtain other needed items such as insurance, bonds, and HB1295 forms.	Purchasing Department
<b>Monitor Performance</b>	Monitor the vendor's performance and ensure they comply with all specifications regarding the product to be delivered or service to be performed, including the condition of product upon delivery, and whether the service was performed or product was delivered within the stated delivery/performance period. Document performance when creating receiving records in Skyward.	User department/campus

## SECTION 1.7

### VENDOR RELATIONS

In centralized purchasing, the purchasing department is primarily responsible for vendor relations, contact, and communication. However, school campuses, departments, and staff must also communicate with vendors in order to obtain information necessary to properly prepare requisitions. Therefore, every employee involved in procuring goods or services for the District is responsible for fostering good vendor relations. It must be understood that contact and communication with vendors by school campuses, departments, and staff are not to represent a commitment to purchase; only authorized personnel as stated in Section 3 are authorized to make purchase commitments.

**Prior to contacting a vendor, end users must check the DISD Warehouse for the goods. If the warehouse is unable to supply the goods required, the end user must seek an “approved vendor”.**

#### Approved Vendor List

An **“approved vendor”** is a vendor that has been awarded a Bid/Proposal through the DISD competitive procurement process or through an Interlocal Agreement. These vendors may be viewed on the Purchasing Website under the approved vendor list. **Approved vendors are preferred because they have competed for business through the competitive procurement process and normally provide greater savings than a non-approved “vendor”.**

Lists of “approved vendors” by bid/proposal number and commodity can be obtained at the **Districts Purchasing Website** [www.duncanvilleisd.org](http://www.duncanvilleisd.org) under Approved Vendors. This information is updated regularly, so printed documents become outdated frequently. **If unclear from whom to purchase a good or service, please contact the Purchasing Department prior to contacting a vendor.**

#### Vendor Bid List

Vendors can register to receive bid/proposal information through the purchasing department. The purpose of this registration is to notify vendors of advertised bids and proposals. When business opportunities (bids and proposals) are posted to the District’s website at, vendors are notified via email or fax based on the commodities that their particular business serves. It must be understood that simply because a vendor has registered with the district, does not mean that the vendor is an approved vendor. It simply means that the vendor is on the district’s bid list to be notified of future business opportunities.

## New Vendors

New vendors can start doing business with the district through the competitive procurement process which begins with the Vendor Bid List or through a school/department submitting a **new vendor request**. Vendors often contact schools and departments and offer goods and services. If a school or department is contacted by a vendor, it is prudent to ask the vendor for their DISD Bid Number. If they have a DISD Bid number, the vendor should be on the approved vendor list. If the vendor does not have a DISD Bid Number and the school or department needs the vendor's goods or services, an approved vendor should be sought first.

If a new vendor is necessary, the school or department must complete a new vendor request. The new vendor request application is in the District's Purchasing Website at [www.duncanvilleisd.org](http://www.duncanvilleisd.org).

The competitive procurement process is the long term method of doing business with the District because the vendor can obtain "approved vendor" status verses the new vendor request method which is a short term method of doing business with the District because the vendor will only become an "Approved vendor".

## Vendor Performance/Evaluation

Evaluation of vendor performance is an important aspect of centralized purchasing. Problems encountered by a particular school or department can be avoided by other District entities when these occurrences are communicated to the Purchasing Department. Factors to consider when dealing with vendors:

<ul style="list-style-type: none"><li>• Timeliness of deliveries</li></ul>	<ul style="list-style-type: none"><li>• Quality of products or services received</li></ul>
<ul style="list-style-type: none"><li>• Service performance</li></ul>	<ul style="list-style-type: none"><li>• Damaged goods</li></ul>
<ul style="list-style-type: none"><li>• Completeness and accuracy of the order</li></ul>	<ul style="list-style-type: none"><li>• Unserviceable merchandise</li></ul>

Whenever problems are encountered with a vendor, (i.e., a vendor fails to deliver certain items or delivery does not meet specifications) **it is important to document the problem**, noting the date and an accurate description of the problem. The simplest way to document a problem is through the Vendor Performance Record found on the Purchasing Website.

In addition to contacting the Purchasing Department, the vendor should be contacted. Keep a record of all phone calls, including the dates and what was discussed and send a copy to the Purchasing Department preferably by email.

If the problem is not resolved, coordinate with Purchasing to prepare written correspondence stating the problem, the corrective action required and the vendor's failure to correct the problem to be sent from the Purchasing Department.

If a significant problem continues, DISD will remove of the vendor from the vendor list and discontinuing business with the vendor.

## Visits from Vendors

Under Board Policy (CHE Local), solicitors, vendors, collectors, or salespersons shall not be permitted to confer with students or employees during school hours without the prior approval of the Superintendent or designee.

Under no circumstances shall such persons be permitted to interrupt classes or conduct personal business with employees.

Local managers of school facilities shall be responsible for compliance with this procedure within the confines of their facilities.

Vendors desiring to visit schools for educational purposes must:

1. File identification information with the Purchasing Department.
2. Provide the Purchasing Department with a completed IRS Form W-9. These forms can be obtained from the IRS website at [www.irs.gov](http://www.irs.gov).

## SECTION 1.8

# REQUISITION AND PURCHASE ORDER PROCESSING

## Overview

The requisition and purchase order process can be viewed as having four distinct steps:

1. The requisition process
2. The purchase order process
3. Delivery and Receipt of goods or services
4. Invoice and Payment

The requisition and purchase order process begins when a need is determined by an end user and is not completed until payment is made for the goods and/or services. In this section the first two steps of the process will be discussed at length; delivery and receipt will be discussed in Section 9. Invoice and payment procedures are contained in the Finance Manual.

## Requisition Process

A requisition is an internal document by which a campus or department of the district requests the purchasing department to initiate a purchase order. It is a request generated electronically (through the use of the automated system – Skyward) for the purchase of supplies, services, equipment, etc. **A requisition is an un-approved purchase order.** No purchasing commitment shall be made without an approved purchase order.

**NOTE: All end users must keep in mind the following purchasing prime directives:**

- **Purchase commitments shall be made by an approved purchase order.**
- **Persons making unauthorized purchases shall assume full responsibility for all such debts.**
- **All requisitions from grant funds (state/federal) shall comply with the TEA Guidelines for Related Costs and the State & Federal Grants Handbook.**

Requisitions are initiated by those having proper authority, as defined in Section 3. After a requisition is input in Skyward it must then be approved by the appropriate budget owner, which is normally a principal or a department head. Requisitions which require expenditures from a Special Revenue Fund must be approved by the program administrator/compliance officer (i.e. Federal Programs, etc.).

## Requisition Format

In order to avoid requisitions from being rejected by either someone in the approval chain or the purchasing department, requisitions should include all information necessary to clearly define the needs of the user department or campus. The minimum information required on a requisition is as follows:

- Dept/Campus Code
- Vendor name and address (should be from the district's approved vendor list).
- Ship To destination
- Name and Phone Number of the end user on the reference line
- Required delivery date, if any
- Quantity needed
- Unit Price per line item
- Complete and accurate description per line item
- The correct Account Code per line item
- Discounts, if any
- Transportation costs (shipping/freight costs, if any)
- Bid/Proposal number, if known (i.e. Bid/RFP 13-14.005)
- Any special instructions (such as Pre-Pay)

Please understand that requisitions may have several approvers prior to them being available to the Purchasing Department. The purchasing department Buyer reviews requisitions for the following prior to approval of a purchase order.

- Compliance with competitive procurement requirements
- Proper account coding
- Adequate descriptions per line item

## Requisition Status

The following requisition statuses are utilized by Skyward:

- Status B = Batch (PO has not been printed)
- Status O = Open (PO has been approved but has not been received or paid)
- Status H = History (PO has been Paid and/or Closed)
- Status RD = Denied (PO has been denied by one or more approvers)
- Status R = Requisition (Requisition has been entered by Budget Owner)

## Specific Types of Requisitions

Requisitions for the following categories of items shall include specific information to clearly describe the required materials or services.

### 1. Blanket Purchase Orders

#### a. General Supplies

- Blanket requisition order for general supplies must specify the following in the text or body of the requisition:
  - ✓ A detailed description of the types of items that will be purchased, such as office supplies, soft drinks, printing, snacks, etc. Using generic terms such as “supplies,” “materials,” or “services” is NOT considered an adequate description.
  - ✓ A date/timeframe and name of event the purchase order is to support.
  - ✓ The total amount not to be exceeded.

#### b. Maintenance

- ✓ Use for products
- ✓ A timeframe for the purchase order to cover
- ✓ The total amount not to be exceeded

#### c. Costco

- ✓ List in body of requisition who (by name, not title) will be picking up items, no more than two (2) names.

- ✓ Give a concise sample description of items to be purchased and for what purpose (e.g., paper goods, plates, cups and napkins for professional development conference).

## 2. Check Requests

A Check Request requisition is a requisition that will be immediately processed into a check. Check Requests as they are called are used for travel only. This enables the Accounts Payables department to process the check before the purchase order has been processed. Without the receiving record, a Check Request check cannot be processed.

## 3. Car Rentals

- ✓ Purchase orders are to be input by line item
- ✓ Use **bid item description** and **unit cost** for each line item.
- ✓ Specify:
  - vehicle size and rate (per day or week) **(NO 15 PASSENGER VANS)**
  - insurance rate per day or week (if applicable)
  - additional mileage per day or week (if applicable)
- ✓ State reason for vehicle rental, name of event, destination, and date(s) of rental

## 4. Charter Buses

- ✓ Purchase orders are to be input by line item.
- ✓ Use **bid item description** and **unit cost** for each line item
- ✓ Specify:
  - bus size (i.e. 33 passenger, 55 passenger)
  - rate: per mile, hour, or day
  - applicable quantity: miles, hours, or days
  - any other item from bid (if applicable)
- ✓ State reason for bus charter, name of event, destination, and date(s) of rental

## Vendor Selection (also see Section 7)

Prior to seeking goods from vendors, end users should check the **Duncanville ISD Warehouse** for the goods. Because District warehouse purchases are made in bulk, they provide greater

savings to the District than single purchases through quantity discounts and lessened freight charges. If the warehouse is unable to supply the items required, the end user must seek an **“approved” vendor**.

An **approved vendor** is a vendor that has been awarded a Bid/Proposal and normally provides greater savings to the District because of the competitive procurement process. Lists of approved vendors by bid/commodity may be found on the Districts Purchasing Website [www.duncanvilleisd.org](http://www.duncanvilleisd.org). Representative contact information and discount/pricing arrangements are available on the Districts Purchasing Website. Users are encouraged to seek additional discounts from approved vendors during the requisition process; this is especially important when making purchases in large quantities.

An **approved vendor** is a vendor that is established in the Skyward Financial Management System. Just because a vendor is in Skyward, does not mean that they are approved. You must verify that they are on the Approved Vendor List and if not call Purchasing. End users are encouraged to select vendors that offer discounts and savings for the District during the requisition process. If the goods or services are unavailable from an approved vendor, then the end user must find the good or service elsewhere and/or complete a new vendor request.

## Budget (Object) Codes

It is the end user’s responsibility to ensure that each line item of a requisition is properly coded with the correct budget (object) codes for the description of the item being purchased. A requisition that contains the incorrect budget object code will be rejected by the purchasing Buyer and not processed until the end user corrects the budget code. A comment will be entered on the requisition whenever an incorrect budget (object) code is identified. Look under the rejection notes to read comments added by the purchasing department. **When correcting a budget object code, be sure to correct the budget code on first page of the purchase order entry as well as the budget code entry on each line item on the second or subsequent pages of the purchase order and have the purchase order re-approved.**

## Shipping Destination

When a requisition is created, the **“ship to”** and **“attention”** fields are required to identify the delivery address and receiver’s name.

The district uses both **centralized** and **decentralized** receiving (refer to Section 9).

## Requisitions by Departments for School Campuses

Departments that process requisitions to be delivered to school campuses must communicate the requisition and purchase order information to the school prior to delivery of goods. It is recommended that the requisition be sent to the campus for approval. This will ensure that the Principal will be aware that a requisition is being ordered for their campus. To do this, the department will have to use the campus’ Dept/Location when creating the requisition. Additionally, using the campus Dept/Location code will grant the campuses the ability to create the receiving record after the item(s) are delivered. If this recommendation is not used, email or fax the following information to the appropriate school:

- The department that processed the requisition
- The school that will receive delivery
- The vendor name
- The Purchase Order Number
- Estimated delivery date
- Instructions for receiving the goods in Skyward for payment purposes

## Warehouse Requisitions

The district keeps inventories of supplies and materials in a central warehouse. Such inventories provide ready access to supplies that are commonly used. A warehouse requisition may be used to obtain supplies or materials (a catalog describing items in the warehouse is available by contacting the Warehouse Distribution Center). A warehouse requisition is completed at the department or campus level in the Skyward System and submitted electronically to the warehouse. After processing the requisition, the supplies and materials are removed from the warehouse stock and delivered to the appropriate delivery destination.

## Purchase Orders

**After the requisition is reviewed and approved by the Purchasing Department, the requisition is then converted to a purchase order.** Purchase orders are among the most commonly utilized methods for procuring goods and services. As its name indicates, this document serves as a formal order for goods, materials and/or services from a vendor. A purchase order, once approved, is a binding commitment for the District to remit payment to the vendor after the item(s) and/or service(s) are received. Once items are shipped and/or services performed, the vendor must submit a properly executed invoice to the Accounts Payable Department to receive payment.

A purchase order is an important accounting document as it contains information on the expenditure to be made and the account code to be charged. Once issued, the purchase order encumbers funds and serves as an expenditure control mechanism. The purchase order is also used in the accounts payable process as it documents that an order has been issued, received, and accepted by the user and payment may be made to the vendor.

## Purchase Order Status

The following purchase order statuses are utilized by our Skyward Financial System:

- Status B = Batch (PO has not been printed)
- Status O = Open (PO has been approved but has not been received or paid)

- Status H = History (PO has been Paid and/or Closed)
- Status RD = Denied (PO has been denied by one or more approvers)
- Status R = Requisition (Requisition has been entered by Budget Owner)

## Purchase Order Process

The purchase order is the written evidence of orders placed as a result of properly initiated and approved purchase requisitions. A purchase order is of a standard format to facilitate processing and contains the items indicated on the requisition.

As mentioned earlier, purchase orders start with a requisition which is prepared electronically. Requisitions originate with the end user and describe the item(s) to be purchased, the quantity, pricing, the account to be charged, a vendor, etc.

## Purchase Order Procedures

Purchases shall be made by means of purchase orders that are properly drawn, duly authorized, and adequately funded. Only the purchasing department shall release a purchase order to a vendor. **If vendors are contacted by the end user in the initial phase of a requisition, they should be advised by the end user that delivery of goods or services should not be initiated until the vendor has received an approved purchase order from the purchasing department.**

Purchase orders are issued on a daily basis by the purchasing department based on information submitted on requisitions. If a purchase order is needed immediately, contact the appropriate buyer.

Purchase orders cannot be modified by the vendor or by schools or departments after it has been processed by the purchasing department. If it becomes necessary to change the purchase order, the school or department must first advise the purchasing department. Once an agreement to any price increases or modification of terms is reached, purchasing has the responsibility to adjust the encumbrance on the purchase order and notify all involved parties of the changes.

Once a purchase order is issued, the same purchase order number cannot be used for reorders. When merchandise has been returned or is damaged and a reorder of replacement merchandise is desired, a new purchase requisition must be submitted.

## Purchase Order Closure

In the event it is necessary to cancel a Purchase Order, the school or department must advise the Purchasing Department and Accounts Payable Department. The Purchasing Department will close the purchase order and liquidate the funds encumbered. The school or department placing the order must also notify the vendor of the cancellation of the purchase order.

## End User's Responsibilities

- Shall ensure that the purchasing process (through the use of an approved purchase order) always precedes the payment process (invoice).
- Shall only initiate and approve requisitions within approved budget authority and ensure proper account coding per line item.
- Shall check with the Warehouse to find out if the item is in stock before making a purchase. If the item is not in stock, the end user shall select an approved vendor who will provide the goods and services.
- Shall use approved vendors to procure goods and services. Note: The requirement to use approved vendors applies to all purchases with purchase orders.
- If necessary, confirm with the purchasing department that an approved vendor is available for the goods or services needed.
- If a vendor must be contacted to obtain information to prepare a requisition, shall explain to the vendor that the request for information does not represent a commitment to purchase.
- Shall provide for initiating, authorizing, and adequately funding the procurement through a properly approved purchase order.
- Shall monitor the requisition status.
- ***Shall not release the requisition number or use a draft copy of the requisition to make purchases from a vendor.***
- Shall monitor the vendor's performance to ensure proper delivery of the goods or services ordered. If the goods or services are not delivered as ordered, the end user shall take action necessary to protect the District's interest, up to and including sending a written Stop Payment Order to the Accounts Payables department. Problems with vendor's unsatisfactory performance shall be directed to the purchasing department for appropriate action, which may include closing the purchase order (See Section 9, resolving discrepancies).
- Shall not make any commitments to acquire goods or services in the name of the District for personal use or ownership.
- Shall not make or authorize separate, sequential, or component purchases in order to avoid requirements under the Texas Education Code, Section 44.031, or Board approval.
- Shall coordinate purchases valued at \$10,000 or more with the Purchasing Department in order to select the method of procurement that will provide the best value to the District.

- Shall process all requests for procurement that cost \$50,000 or more through the Purchasing Department for Board approval.
- Shall follow the policies and procedures contained in Board Policy CH (LEGAL) for emergency purchases.
- Shall be responsible for complying with statutory requirements, Board policies, and the Purchasing Manual procedures when purchasing goods or services for the District.
- Shall not make changes to purchase orders after it has been sent to the vendor without prior approval from the Purchasing Department.
- Shall ensure that items ordered match the purchase order.
- Shall record the receipt of goods or services in Skyward.

## Purchasing Department Responsibilities

- Shall not initiate requisitions except for items or services for use by the purchasing department.
- Shall not purchase anything from any person or from any firm that is controlled, owned, or operated by that employee or from a relative within the second degree by blood or marriage of the employee.
- Shall supervise the purchase of all materials, supplies, equipment, and services for the District. [See Board Policy CHD (LOCAL)] according to the guidelines established on the Education Code 44.031.
- Shall not approve a requisition after the event has taken place (i.e. **After-the-fact**) except in special circumstances/instances.
- Shall review/process requisitions in a timely manner for completeness and ensure that purchases are compliant.
- Shall verify compliance with statues, regulations, and Board policy applicable to purchasing.
- Shall verify correctness of budget object coding.
- Shall have discretion to direct purchases through interlocal agreements or cooperatives in order to save time and money.
- Shall work with the end users to resolve delays in requisition processing in a timely manner.

- Shall send the vendors approved purchase orders and verify its receipt.
- Shall be the only personnel authorized to contact vendors to make purchase commitments and issue purchase orders.

## **Requisition/Purchase Order Approval Process**

- Budget Owner Creates Requisition – Campus/Department Improvement Plan Included
- Director of Special Programs – Approves for Federal Grants (Makes sure Budget available and correct)
- Director of Purchasing – Approves (Makes sure an Approved Vendor is used and
- Director of Accounting – Makes sure the proper budget code is utilized
- Purchasing Clerk – Processes Requisition prints and sends to the vendor or to the requisitioning Campus/Department for processing with Approved Vendor.

## SECTION 1.9

### DELIVERY AND RECEIPT

Delivery and receipt of goods/services is the goal of the requisition and purchase order process discussed in Section 8. Carefully checking deliveries and ensuring that the end user(s) who ordered the goods/services actually obtained them is a critical part of the purchasing process. DISD utilized both centralized and decentralized receiving to ensure end users receive goods/services.

#### Centralized Receiving and Decentralized Receiving

Purchases may be received by centralized receiving departments (DISD Warehouse) or by campuses or departments in a decentralized receiving. Centralized receiving provides more control. Having only one centralized receiving point ensures that merchandise received agrees with merchandise ordered. However, it is normally timelier and sometimes in the best interest of the end user or the district to have the vendor deliver goods directly to a campus or department; this requires decentralized receiving, also known as “drop shipping.”

If decentralized receiving is used, the school/department should assign the receiving responsibility to an individual trained in receiving procedures. Procedures regarding the receipt of goods should be in place at each school/department; this includes specific procedures for receiving goods during summer and winter breaks.

**Monitoring the delivery and receipt of purchase orders is the end user’s responsibility. This ensures that the district actually receives what it purchases.**

#### Online Receiving Records

It is imperative that after physical delivery of goods and services, that an online receiving record be created in the Skyward System for the particular purchase order the delivery pertains to. This online receiving record communicates to Accounts Payables how much to pay and that those goods and services have been received in a satisfactory manner. Without timely online receiving, the payment process is curtailed and jeopardizes future business relations with our vendors.

#### Physical Receiving Procedures

1. Locate the “**packing slip**.” The packing slip contains the information of the items shipped from the vendor. The packing slip should list the following information:
  - Date of shipment from the vendor
  - DISD Purchase Order Number
  - Quantities and descriptions of items shipped

If the individual performing the receiving cannot locate the packing slip, he/she must **immediately** contact the vendor and request a copy.

2. Compare the packing slip with the requisition/purchase order and verify that the shipment is intended for your school/department. If it is, continue the receiving procedures. If you are certain that the shipment is not intended for your school/department, refuse the shipment or aid in determining the proper destination.
3. Ensure that the items on the packing slip match the items on the requisition/purchase order; accept the items that were ordered and contact the vendor for instructions for handling the incorrect items.
4. Compare the number of containers delivered to the number on the carrier's packing slip. Record any discrepancy on the carrier's shipping documents.
5. Examine the outside of the containers for damage:
  - **Minor Visible Damage** - Record any damage to the shipping containers on the carrier's shipping document and ensure that it is signed by the delivery person before the shipment is accepted. Recording minor damages to containers provides added documentation in the event that there is concealed damage.
  - **Severe Visible Damage** - The process for severely damaged containers differs depending on whether the order was shipped F.O.B. Origin or F.O.B. Destination. F.O.B stands for "Free On Board" and is a transportation term that indicates that the price for goods includes delivery at the vendor's expense to a specified point (normally your destination i.e. school, department, or the DISD warehouse). The FOB term is used with an identified physical location to determine:
    1. the responsibility and basis for **payment of freight charges**, and
    2. the point at which **title (or ownership)** for the goods transfers from vendor to the District.

## **F.O.B. Destination**

- The vendor retains title and control of goods until they are delivered and the contract of carriage has been completed.
- The vendor selects the carrier and is responsible for the risk during transportation.
- The vendor is responsible for filing claims for loss or damage.
  - For **F.O.B. Destination**, if the shipping containers are damaged enough that it is probable that the contents are also damaged, you may:
    1. Reject the entire shipment.
    2. Accept the entire shipment.

3. Accept part of the shipment and reject the damaged part of the shipment.
  - If all or part of the shipment is accepted, contact the vendor to obtain replacement instructions for the damaged items. If the vendor abandons the merchandise (fails or refuses to pick it up), contact the Purchasing Department to aid in resolving the problem. If the entire shipment is refused, record the reason for refusal on the carrier's shipping documents and notify the vendor that the shipment was refused and needs to be reshipped due to severe damage.

## FOB Origin

- The end user/receiver assumes title and control of the goods the moment the carrier signs and picks up the goods from the vendor's location.
- The end user/receiver assumes risk during transportation.
- The end user/receiver is responsible for filing claims for loss or damage.
  - For **F.O.B. Origin**, if the shipping containers are damaged enough that it is probable that the contents are also damaged, accept the shipment and then record the damage on the carrier's freight bill. Contact the Purchasing Department to aid in resolving the problem.

### **The district discourages the use of F.O.B. Origin as a shipping method.**

6. If possible, open the container(s) and compare the contents with the packing slip. If the contents do not match the packing slip, contact the vendor to attempt to resolve the discrepancy. If absolutely necessary, refuse the shipment.
7. Finally, an authorized person should accept delivery by signing and dating the packing slip.
8. If an invoice is included in the container, forward it to the Accounts Payable department immediately.

## Inspection Procedures

Inspect the shipment for concealed damage. Concealed damage is damage that was not evident at the time of delivery. If damages are discovered after unpacking the shipment, notify both the carrier and the vendor in writing by email or facsimile.

After the shipment is unpacked, check the following against the Purchase Order:

- Compare the quantity received with the quantity ordered.
- Check for:
  - **Over-shipments:** An over-shipment is a shipment that contains more of an item than you ordered. Contact the vendor to resolve the issue.

- **Under-shipments:** Only pay for the actual items received.
- Compare the brand name and model number received with the brand name and model number on the Purchase Order.
- Compare the shipment with the physical descriptions on the Purchase Order.
- Compare the packaging, labeling, marking, etc. with those on the Purchase Order.
- Make certain that “used” items are reflected as such on the Purchase Order.
- Retain copies of all shipping documentation until all discrepancies are resolved.

## Resolving Discrepancies

If the school or department determines there is damaged merchandise or a discrepancy exists, they should notify the vendor immediately and attempt to resolve the discrepancy. All correspondence between the school/department and vendor must be noted on the packing slip, if possible. If the discrepancy is discovered during or after inspection or unpacking, the vendor should be contacted in a timely manner. **It is the end user’s responsibility to contact the vendor and attempt to resolve deficiencies.**

Notify the vendor of all discrepancies in writing and follow-up all telephone notifications in writing. Written notification must include instructions on what action the vendor should take and the deadline for that action. Give the vendor the opportunity to make the shipment good.

Be sure to keep detailed records (dates, times, names, and phone numbers) and **contact the Purchasing Department for assistance if satisfactory results are not obtained in a timely manner.** Send copies of all documentation by email or fax to the Purchasing Department for record keeping, follow-up, and vendor performance evaluation.

After the physical receiving function has been performed (shipment and packing slip are correct), electronic receiving must be performed in the Skyward system as approval of payment after the invoice is received by Accounts Payable.

## **SECTION 1.10**

### **BOARD OF EDUCATION APPROVAL**

In accordance with Board Policy CH (Local), any purchase order or contract not supported by a purchase order that exceeds \$50,000 shall require Board approval before a transaction may take place.

#### **Categories for Board Approval**

- Competitive Procurements (i.e. Bid or Proposal)
- Sole Source Procurements (Also called Single Source)
- Interlocal Agreement Purchases
- Emergency Procurements

#### **Procedures for Board Approval Requests**

The following link from contains the procedures for obtaining Board approval requests. Cut-off dates are very important when submitting items to the Board for approval. Board meetings normally occur on the second Tuesday of each month.

## SECTION 1.11

### GLOSSARY OF TERMS

**Acknowledgement:** A form used by a vendor to advise a purchaser that an order has been received, and usually implying acceptance.

**Act of God:** A contingency or occurrence that cannot be avoided by human power; a cause of damage which is irresistible (e.g., hurricane, flood, lightening) and not attributable to negligence.

**Advertising:** A form of public notice of an intended purchase. See "Legal Notice."

**Agency:** (1) An administrative division of a government. (2) A relationship between two parties by which one, the agent, is authorized to perform or transact certain business for the other, the principal; also, the office of the agent.

**All-or-None Bid:** A bid submitted for a number of different items, services, etc., in which the bidder states he will not accept a partial award, but will accept only an award for all the items, services, etc., included in the Invitation for Bids. Such bids are acceptable only if provided for in the Invitation, or if the bidder quoted an individual price for each of the items, services, etc., as listed and they are the low bidder on each item.

**Alternate Bid:** A bid submitted in knowing variance from the specifications, terms, conditions, or provisions of the solicitation. Such a bid is acceptable only when the variance is deemed to be immaterial.

**Approved Vendor:** Is a vendor that has been awarded a Bid or Proposal through the DISD competitive procurement process. A vendor approved through an Inter local Agreement.

**Assigned Budget Owners:** Is a manager who is assigned ownership of a Board approved budget and who is authorized to procure goods or services in accordance with the approved budget. An ownership code is assigned as the last three digits of the account code.

**Award:** The acceptance of a bid or proposal.

**Back Order:** Is the portion of an order, which a vendor does not deliver at the scheduled time and has re-entered for shipment at a later date.

**Best Interests of the District:** The rationale granting the District discretion in taking action most advantageous to the district when it is impossible to delineate adequately a specific response by law or regulation.

**Bid:** The executed document submitted by a Bidder in response to an Invitation for Bids, or a multi-step bidding procedure.

**Bid Bond:** An insurance agreement in which a third party agrees to be liable to pay a certain amount of money in the event that a specific bidder, if the bid is accepted, fails to accept the bid award as bid.

**Bid Deposit:** Is a sum of money or check deposited with and as instructed by the prospective purchaser to guarantee the bidder (depositor) will, if selected, accept the bid award in accordance with the bid. If the bidder does not accept the bid award, he forfeits the amount of the deposit.

**Bid Opening:** The formal process through which bids are opened and the contents revealed for the first time to the district, other bidders and usually, to the public.

**Bid Sample:** A sample required of a bidder for examination, comparison, testing, and evaluation by the prospective purchaser.

**Bid Security:** A guarantee, in the form of a bond or deposit, that the bidder, if awarded a bid, will accept the bid award as bid, otherwise the bidder (in the case of a deposit) or his/her guarantor (in the case of a bond) will be liable for the amount of the bond or deposit.

**Bidder:** Any person submitting a competitive bid in response to a solicitation.

**Bidders List:** A mailing list maintained by the purchasing department setting out the names and addresses of suppliers of various goods and services from whom bids, proposals, and quotations can be solicited (also called the vendor mailing list).

**Bill:** A list of charges or costs presented by a vendor to a purchaser, usually enumerating the items furnished, their unit and total costs, and a statement of the terms of sale: an invoice.

**Blanket Purchase Order:** A blanket purchase order is issued to an approved vendor authorizing purchases from that vendor over a period of time. Is an arrangement under which a purchaser contracts with an approved vendor to provide the purchaser's requirements for an item or a service, on an as-required and often over-the-counter basis? Properly prepared, such an arrangement sets a limit on the period of time it is valid and the maximum amount of money which may be spent at one time or within a specified period.

**Bona Fide:** In good faith.

**Brand Name:** A name which serves to identify a product of a particular manufacturer or a trade name.

**Brand Name or Equal Specification:** A specification that cites brand names, model numbers, or other identifications as representing quality and performance called for, and inviting bids on comparable items or products of any manufacturer.

**Bulk Purchasing:** Purchasing in large quantities to seek a lower price per unit. Bulk Purchasing is also known as volume purchasing.

**Budgeted Purchases:** Purchases that assigned budget owners are authorized to make within approved budget limits.

**Calendar Day:** Every day shown on the calendar, Saturdays, Sundays, and holidays included.

**Cash Discount:** A discount from the purchase price allowed by the seller to the purchaser when

payment is made within a designated period.

**Cash on Delivery (COD):** Payment due and payable upon delivery of goods.

**Catalog:** A listing of item identifications arranged systematically.

**Centralized Purchasing:** Is a system of purchasing in which authority, responsibility, and control of activities is concentrated in one administrative unit.

**Change Order:** A written order directing the contractor to make changes which the Changes clause of the contract authorizes the District to order without consent of the contractor.

**Code of Ethics:** Written guidelines within which judgments and considerations of professional ethics and behavior should be made for all public officials and employees of a district.

**Collusion:** A secret agreement or cooperation between two or more persons to accomplish a fraudulent, deceitful, or unlawful purpose.

**Combination Specifications:** Contain elements of both design and performance specifications. Some features of each are included to allow a vendor to use ingenuity to meet the performance needs of the government and also to require certain necessary design characteristics. This is probably the most common type of specification.

**Commodity:** An article of trade, a movable article of value, something that is bought or sold; any movable or tangible thing that is produced or used as the subject of barter or sale.

**Competition:** The process by which two or more vendors vie to secure the business of a purchaser by offering the most favorable terms as to price, quality, delivery and/or service.

**Competitive Bidding:** The submissions of prices by individuals or firms competing for a contract, privilege, or right to supply merchandise or services.

**Competitive Negotiation:** A method for contracting for goods and services, whereby proposals are solicited from qualified suppliers, following submission of which changes in proposals and prices are allowed, and the offer deemed by the awarding authority to be most advantageous in terms of criteria as designated in the Request for Proposals is accepted; a negotiated procurement.

**Competitive Sealed Proposals:** A term used for competitive negotiation as a source selection.

**Component Purchases:** Purchases of the component parts of an item that in normal purchasing practices would be made in one purchase.

**Confirming Order:** Is a de facto purchase order issued to a vendor listing goods or services procured verbally and/or outside established purchasing procedures. Since a confirming order precludes competition it may be illegal under certain laws/ordinances.

**Conflict of Interest:** A situation where the personal interests of a contractor, public official or employee are, or appear to be, at odds with the best interests of the district.

**Contingency:** A possible future event or condition arising from presently known or unknown causes, the outcome of which is indeterminate at the present time.

**Cooperative Purchasing:** (1) The combining of requirements of two or more political entities to obtain the advantages of volume purchases, reduction in administrative expenses, or other public benefits. (2) Procurement conducted by, or on behalf of, more than one Public Procurement Unit, or by a Public Procurement Unit with an External Procurement Activity.

**Delivery Schedule:** The required or agreed time, or rate, of delivery of goods or services.

**Delivery Terms:** Conditions in a contract relating to freight charges, place of delivery, time of delivery, or method of transportation.

**Descriptive Literature:** Information, such as illustrations, charts, drawings, and technical data which show the characteristics or construction of a particular product or explains its operations, furnished by a bidder as part of the bid to describe the items he offers. The term refers only to information required to evaluate a product, and need not include other information such as that relates to the qualifications of a bidder or operating or maintaining equipment.

**Design-Build:** The district and the design/build contractor enter into a specific contract wherein the contractor undertakes the responsibility to provide for the design and construction of the project in conformance with basic requirements which have been set forth by the district. The contract may be lump sum, cost plus a fee or guaranteed maximum, lease or lease-purchase. The contract is generally entered into after project definition but before substantial design work has been done.

**Design Specifications:** A type or manner of writing a purchase description characterized by detail as to how the product is to be manufactured or work is to be performed; generic specification. Appropriate for a unique product or custom work.

**Designee:** A duly authorized representative of a person holding a superior position.

**Discount:** An allowance or deduction from a normal or list price extended by a seller to a buyer to make the net price more competitive.

**Emergency Purchases:** Two types of emergency purchases are made in districts. One type results from an eminent threat to the health, safety, or welfare of students. Such purchases must comply with state law and may be made only after a formal board action declaring an emergency and authorizing the purchase. The second type of emergency purchase usually is defined by local policy to provide for the acquisition of goods or services to meet an immediate need such as purchases to repair damage to a facility which may imperil students or the security of the facility.

**End User:** Staff member from a school or department who initiates the request for purchase (requisition).

**Equipment:** Personal property of a durable nature which retains its identity throughout its useful life.

**Evaluation Committee:** A committee which advises and assists the purchasing office in evaluation and award, usually employed in high tech and purchase of services transactions.

**Evaluation of Bid:** The process of examining a bid after opening to determine the bidder's responsibility, responsiveness to requirements, and to ascertain other characteristics of the bid that relate to determination of the successful bidder.

**Fiscal Year:** A period of 12 consecutive months selected as a basis for annual financial reporting, planning, or budgeting.

**F.O.B.:** "Free on Board" specifies when the title for shipped merchandise transfers to the district. F.O.B. is often followed by the text that specifies which party is responsible for freight charges and damages or losses while in transit.

**F.O.B. Destination:** Under these terms, the risk of loss of goods does not pass to the district until the goods are delivered and the district has accepted the shipment. If the shipment is refused or never reaches its destination, the vendor is responsible for re-shipping new goods at their expense. It is recommended that all orders be placed as F.O.B. Destination.

**F.O.B. Origin:** Under these terms, the risk of loss passes to the district when the carrier picks up the shipment from the vendor. The district is responsible for the merchandise at that point. If the merchandise is damaged or lost in shipment, the district owes the vendor full payment regardless. If there are damages or shortages, the district is responsible for filing any needed freight claims to attempt to recover the damages. If goods must be replaced, a new order must be placed with the vendor. The district **does not recommend** using F.O.B. Origin.

**Identical Bid:** A bid that is the same in all respects with another bid.

**Ineligible Bidder:** A supplier or prospective supplier who, by reason of financial instability, unsatisfactory reputation, poor history of performance, or other deficiency, does not meet the qualifications for placement on the vendor mailing list (bidder's list) or for award; also non-responsible bidder.

**Inspection:** Critical examination and/or testing of items to determine whether they have been received in the proper quantity and condition and conform to the applicable specifications.

**Invitation for Bids (IFB):** (1) The solicitation document used for competitive sealed bidding, the customary method used by state and local governments for the purchase of equipment, materials, supplies, and construction. (2) All documents, whether attached or incorporated by reference, utilized for soliciting bids.

**Late Bid Proposal:** A bid or proposal received at the place specified in the solicitation after the time designated for all bids or proposals to be received.

**Legal Notice:** Notice of a proposed purchase as required by law. Depending upon the legal requirement, notice may be satisfied by posting an announcement of the purchase in a public place, notification of the appropriate bidders from the vendor mailing list (bidder's list), formal advertisement in a newspaper or newspapers, or a combination of these methods.

**Lease-Purchase Agreement:** A lease contract containing a purchase option in which the lessee's periodic payments or parts thereof may be applied to serve both as the rental obligation and as installments for acquiring ownership of the property upon lessee exercising the purchase option; a conditional sales contract.

**Life-Cycle Costing:** A procurement technique which takes into account demonstrable and documented operating, maintenance, the cost of money, and other costs of ownership and usage, and resale or residual value in addition to acquisition price in making an award on low total cost.

**Lowest (Responsive and) Responsible Bidder:** Originally, the bidder submitting the lowest initial price and capable of performing the proposed services or provide the proposed goods. Under modern purchasing concepts, often construed as generally the same as the "lowest responsive and responsible bidder," or the bidder who submits the "lowest and best bid," or the "most advantageous bid, price, and other factors considered." For clarity and accuracy, the recommended provision for determining award is the "responsive and responsible bidder whose bid is most economical for the purpose intended, according to criteria set forth in the solicitation."

**Multiple Awards:** The award of bids/proposals to two or more bidders for the same or essentially similar items. Appropriate only in situations where a single award would be impossible or impractical and awards are limited to the least number of suppliers necessary for a workable contract.

**Multi-Step Competitive Bidding:** A competitive process calling for separate submissions of a technical proposal (which may be negotiated) as the first step or steps of the process followed by a call for non-negotiable competitive price bid as the final step.

**Skyward Vendor:** A "Skyward vendor" is a vendor that is established in the Skyward Financial Management System.

**Non-responsive Bid:** A bid that does not conform to the essential requirements of the invitation for Bids; nonconforming bid; unresponsive bid.

**Option to Renew:** A bid/proposal clause that allows a party to elect to re-institute the bid/proposal for an additional term.

**Performance Bond:** A contract of guaranty executed subsequent to award by a successful bidder to protect the district from loss due to vendor's inability to complete the bid/proposal as agreed.

**Performance Record:** Record to indicate a supplier's ability to keep delivery promises and reliability, together with consistency of quality and performance of the products and services furnished.

**Performance Specifications:** Where the goods and/or services are described in terms of required performance. They may include such details as required power, strength of material, test methods and standards of acceptability and recommended practices.

**Pre-Bid/Proposal Conference:** A meeting scheduled in a solicitation for the purpose of providing

clarification as needed. Substantive questions raised at a pre-bid conference are answered in writing and may modify the solicitation.

**Procurement:** The procedures for obtaining goods or services, including all activities from the planning steps and preparation and processing of a requisition, through receipt and acceptance of delivery and processing of a final invoice for payment. The acts of preparing specifications, evaluating bids or proposals, making awards, and administering contracts are involved; in some contexts property management is implied.

**Professional Services:** Often technical, and/or unique functions performed by independent contractors whose occupation is the rendering of such services. While not limited to licentiates, the services are considered "professional," and the contract may run to partnerships, firms, or corporations as well as individuals. Examples of professional services include medicine and the medical arts, architectural and engineering services, management and systems consultation, research, and the performing arts.

**Proposal:** The executed document submitted by an offeror in response to a Request for Proposal (and the basis for subsequent negotiation).

**Proposal Evaluation Criteria:** Factors, usually weighted, relating to management capability, technical capability, and manner of meeting performance requirements, price and other importance considerations used to evaluate which proposer in a competitive negotiation has made the most advantageous offer.

**Purchase Order:** This document serves as a formal order for goods, materials and/or services from a vendor. A purchase order, once approved, is a binding commitment for a district to remit payment to the vendor after the item(s) and an invoice are received by the district. Acceptance of a purchase order by the vendor constitutes a contract.

**Quotation:** A statement of price, terms of sale, and description of goods or services offered by a prospective seller to a prospective purchaser, usually for purchases below the amount requiring formal bidding; the stating of the current price of a commodity, or the price so stated.

**Request for Information (RFI):** The document used in informal, uncompetitive solicitation of information, data, comments, or reactions from possible suppliers preceding the issuance of a Request for Proposals or a multi-step bidding procedure.

**Request for Proposal (RFP):** (1) All documents, whether attached or incorporated by reference, utilized for soliciting (competitive) proposals. The RFP procedure permits negotiation of proposals and prices as distinguished from competitive bidding and an Invitation for Bids. (2) The solicitation document used in the competitive negotiation process. The procedure allows changes to be made after proposals are opened and contemplates that the nature of the proposals and/or prices offered will be negotiated prior to award.

**Requisition:** A requisition is an internal document by which a campus or department of the district requests the purchasing department to initiate a purchase order. It is a request generated electronically (through use of the automated system Skyward) for the purchase of supplies, services, equipment, etc. A requisition is an un-approved purchase order. No purchasing commitment shall be made without an approved purchase order.

**Responsible Bidder:** A person who has the capability in all respects to perform in full the bid requirements, and the integrity and reliability which will assure good faith performance.

**Responsive Bidder:** (1) A person who has submitted a bid which conforms in all material respects to the Invitation for Bids. (2) One whose bid conforms in all material respects to the terms and conditions, the specifications and other requirements of the Invitation for Bids.

**Sealed Bid:** A bid which has been submitted in a sealed envelope to prevent its contents being revealed or known before the deadline for the submission of all bids: usually required by law or rule on major procurements, to enhance fair competition.

**Separate Purchases:** Purchases, made separately, of items that in normal purchasing practices would be made in one purchase.

**Sequential Purchases:** Purchases, over a period, of items that in normal purchasing practices would be made in one purchase.

**Sole Source Procurement:** A purchase or award for a commodity or service to the only legally capable supplier, occasioned by the unique nature of the requirement, the supplier, or market conditions.

**Special Revenue Fund:** Proceeds of specific program grants that are legally restricted to expenditures for specified purposes.

**Specification:** A description of what the purchaser seeks to buy, and consequently, what bidder must be responsive to in order to be considered for award of a contract. A specification may be a description of the physical or functional characteristics, or the nature of, a supply of service. It may include a description of any requirements for inspecting, testing, or preparing a supply or service item for delivery.

**Standardization (of Specifications):** The process of examining characteristics and need for items of similar end usage and developing a single specification that will satisfy the need for most or all purchases for that purpose.

**Supplies:** Customarily, items that are consumed or expended in the course of being used, as distinguished from equipment and materials; but in some purchasing terminology, all items except construction and services.

**Tabulation of Bids:** A recording of bidders and abstract of their bids listing items offered, prices, deliveries, etc., in response to a specific solicitation, made for purposes of comparison and recordkeeping; an abstract.

**Terms and Conditions:** A general reference applied to the provisions under which bids must be submitted and which are applicable to most purchase orders.

**Testing:** Is the determination of the physical, chemical, or performance characteristics of the items. Testing may be conducted in connection with developing specifications and standards, making comparative evaluations of products offered on bids, and ascertaining compliance with

specifications before or after a bid/proposal award.

**Title:** The means whereby a person's ownership of property is established.

**Uniform Commercial Code:** Uniform statute law adopted by states for consistency and modernity in law governing commercial transactions.

**Warranty:** A representation of utility, condition, and durability made by a bidder for a product offered.

**Warehouse Requisition:** A warehouse requisition may be used to obtain supplies or materials (a catalog describing items in the warehouse is available by contacting the Warehouse Distribution Center). A warehouse requisition is completed at the department or campus level and submitted to the warehouse. Warehouse personnel then review the requisition for accuracy, completeness and availability of funds. After processing the requisition, the supplies and materials are removed from the warehouse stock and delivered to the appropriate party.

# Duncanville ISD

# Financial Procedures

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Activity Accounts, Finance, and Payroll

# Duncanville ISD Financial Procedures Manual

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Business Services hopes you will find this reference helpful in answering some of the more commonly asked questions of Business Services personnel. This is not a complete procedure manual, but rather a guide to help you comply with Duncanville Independent School District procedures, regulations, policies, and the goals and priorities of the Duncanville Board of Trustees for the current school year.

## MISSION

The mission of Duncanville Independent School District is to provide each student with the necessary skills to achieve lifelong success and contribute to a global society. Our pledge is to give the highest quality of customer service.

### How We Serve You:

Financial Services  
Accounts Payable  
Accounts Receivable  
Payroll  
Employee Benefits

### Office Hours:

Monday through Thursday  
8:00 a.m. to 4:30 p.m.  
Friday  
8:00 a.m. to 4:00 p.m.

### Contact Information:

Office: 972-708-2000  
Fax: 972-708-2020

## FEEDBACK

We desire to get feedback and direction from you so we can continue to improve and meet your needs. You can contact the Director of Accounting to suggest additions or changes to the Duncanville ISD Financial Procedures Manual.

# Duncanville ISD Financial Procedures Manual

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## Financial Procedures Manual Acknowledgement

By signing this acknowledgment, employee acknowledges employee has reviewed, has access to and/or has been informed of the location of the Duncanville Independent School District's Financial Procedures Manual, through the district's website under Departments, Business Services, Forms and Manuals, Duncanville ISD Financial Procedure Manual.

In the Financial Procedures Manual, employee understands that selected policies, practices, and procedures are set out, including those detailing the purchasing policies of the district. Employee further understands that the employee is required to abide by all Duncanville ISD policies, regulations, guidelines, and directives.

Employee understands that if requested, a hard copy of the Financial Procedures Manual will be made available to the employee. Employee understands that although a hard copy of the Financial Procedures Manual may be obtained from the employee's supervisor, hard copies may not contain the most current policies in existence.

All District employees are responsible for reading and complying with the most current version of all Duncanville ISD policies. All current policies may be accessed at <http://pol.tasb.org/Home/Index/363> or through the district's website at Board of Trustees, Policy Online. Questions may be directed to supervisors, department heads, Business Services, or other appropriate District offices.

I have read, understand, and accept the contents of this document.

\_\_\_\_\_  
Employee Legal Name

\_\_\_\_\_  
Employee Signature

\_\_\_\_\_  
Campus / Department

\_\_\_\_\_  
Date Signed

## Activity Fund Overview

Activity Funds are defined as funds generated from school-approved money-raising events and the receipt of student dues or fees, commissions, investment interest and donations. These funds are to be used to promote the general welfare of the school and the educational development and morale of all students. All funds collected by school district personnel from students or teachers are defined as activity funds and must be handled through the activity funds accounts. Funds collected as a donation must have Board Approval before accepting the funds or items.

School administration is not responsible for funds collected, disbursed and controlled by the lunchroom or by outside organizations (i.e., PTA, athletic and band boosters clubs, etc.) and these funds should not be accounted for in a school district's activity funds. These organizations do not have the authorization to contract and/or sign on behalf of the District/Campus or utilize the District/Campus address. Also these organizations are not allowed to use the District's Tax ID.

Activity Funds are accounted for on a centralized basis in Business Services. In Business Services, Activity Funds are processed through two main accounts:

Fund 461 – Campus Activity Fund this account is used to process cash receipts and expenditures to be used for the benefit of the student body as a whole.

Fund 865 – Student Activity Fund this account is used to process cash receipts and expenditures to be used for the benefit of a specific student group.

Each campus is assigned sub-accounts to manage the financial operations of various campus or student groups.

## Responsibility of Activity Funds

Principal/Designees – has the primary responsibility for the proper control, supervision, and safekeeping of activity funds on their respective campus. The Principal must ensure all appropriate staff members have reviewed the policies and procedures of the DISD Financial Procedures Manual. If the Principal determines that Activity Fund policies and procedures have not been followed, he/she should request a review by Business Services. Depending on the seriousness of the findings, the Principal shall confer with appropriate administrative personnel to determine possible disciplinary action against the employee.

Individual Activity Fund Sponsors – are responsible for properly managing the daily financial operations of their respective activity funds. This includes the following: Accurate and Updated Activity Fund Ledger, developing fund raising plans, monitoring the financial position of the activity fund, adequate documentation of activity fund transactions, timely deposit of activity fund cash receipts, safeguarding activity fund cash receipts until deposited, and other fiduciary responsibilities.

# Duncanville ISD Financial Procedures Manual

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Business Services – may conduct periodic audits of such funds as deemed necessary by school district officials or the board of trustees.

## Money Handling & Depositing Responsibilities

### Sponsor's Responsibility

Who is a Sponsor? A Sponsor is any school district employee who physically accepts cash/check on behalf of any activity fund account.

### Receipting Cash & Checks

Sponsor should use a cash receipt book to document the physical receipt of cash or check. Activity Fund Receipt book should not be used by outside organizations (i.e., PTA, athletic and band boosters clubs, etc.). Cash receipt guidelines are as follows:

- Only pre-numbered, three-part activity fund cash receipt books should be used. Each three-part receipt should be distributed as follows:
  - 1st - Customer copy
  - 2nd – Principal/Designee copy
  - 3rd - Control copy (Control Copy must remain in receipt book and not discarded.)
- Before the physical transfer of cash and/or checks to the Sponsor can occur, an official receipt should be completed fully. Next, the completed receipt should be exchanged for the cash and or checks.
- Cash receipts should only be completed in pen.
- Under no circumstances should the receipt amount or signature be altered. If either of these errors occurs in the preparation of a receipt, void the receipt and issue a new receipt. All copies of the voided receipt should be stapled together and kept in the receipt book.
- A receipt must be written for all monies collected.

### Tabulation of Monies Collected Form

This form shall be used in the individual school for miscellaneous collections under \$5.00. This form shall list contributions (no tally marks) and their contributions are filed with the principal's secretary. The principal's secretary shall issue a receipt to the sponsor for the total amount collected. Tabulation form must be turned in as a full page. Do not cut the form.

# Duncanville ISD Financial Procedures Manual

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## **Sponsor Deposit Guidelines**

The sponsor's general deposit guidelines are as follows:

- Money on hand at the end of a school day should be turned into the campus office and locked in a secure location.
- The Sponsor's personal money should never be stored with student/campus activity fund money.

## **Sponsor Deposit Report**

The Sponsor must complete a Sponsor Deposit Report to accompany every deposit submitted to the Principal/Designee. Sponsor must submit corresponding receipts or a Tabulation Sheet along with a Deposit Report. The completed Sponsor Deposit Report will accomplish the following two requirements:

- The Sponsor must attach copies of receipts for monies included on Sponsor's Deposit Report.
- The Sponsor must provide written documentation of where the money came from (i.e. Car wash, Dues, Type of fundraiser, etc.).
- The Sponsor must state whether taxable or not taxable.
- The Sponsor must provide written documentation of the total amount of money being submitted to the Principal/Designee. After the money is counted and accepted, the Sponsor should request a copy of the signed Sponsor Deposit Report from the Principal/Designee.
- If using Tabulation of Money Form please follow procedures in previous section.

## **Principal/Designee Responsibility**

The Principal/Designee is assigned the primary responsibility of all cash/check collection on the campus. Cash and/or checks are received in the main campus office from the following sources: Sponsors, teachers, parents, students and outside vendors. Designee must ensure that every physical transaction of cash and/or checks is properly documented and physically secured until it is picked up by the District Courier and delivered to the bank.

## **Receipting Cash & Checks from Sponsors**

The Designee should complete the following steps when physically receiving cash and/or checks from Sponsors:

- The Designee must only accept the Sponsor's deposit if it is accompanied by a properly completed Sponsor Deposit Report.
- The Designee should recount the cash to ensure that their cash count matches the total entered by the Sponsor on the Sponsor Deposit Report. The Designee should also re-add the check amounts to ensure that their check total matches the total entered by the Sponsor Deposit Report. If a change is necessary, the Designee and Sponsor should both initial the Sponsor Deposit Report.
- After the money and checks are counted and accepted, the Designee and Sponsor will both sign off on the Sponsor Deposit Report, and the Sponsor should receive a copy.

# Duncanville ISD Financial Procedures Manual

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## Receiving Cash and/or Checks from All Other Sources (Students, Parents, & Vendors)

The Principal/Designee must use a cash receipt book to document all physical transactions of cash and/or checks from all other sources except Sponsors. Activity Fund Receipt book should not be used by outside organizations (i.e., PTA, athletic and band boosters clubs, etc.). The procedure for receiving cash/check from Sponsors is reviewed above. Cash receipt guidelines are as follows:

- Only pre-numbered, three-part activity fund cash receipt books should be used. Each three-part receipt should be distributed as follows, with a photocopy of the receipts included with the Sponsor Deposit Report:
  - 1<sup>st</sup> - Customer copy
  - 2<sup>nd</sup> - Sponsor's copy
  - 3<sup>rd</sup> - Control Copy (Control Copy must remain in receipt book and not discarded.)
- When receiving checks by mail, a receipt must be written and "Received by Mail" should be indicated in the "FOR" portion of the receipt. White copy will remain in receipt book.
- Before the physical transfer of cash and/or checks can occur, an official receipt should be completed fully. Next, the completed receipt should be exchanged for the cash and or checks.
- Cash receipts should only be completed in pen.
- Under no circumstances should the receipt amount or signature be altered. If either of these errors occurs in the preparation of a receipt, void the receipt and issue a new receipt. All copies of the voided receipt should be stapled together and kept in the receipt book.

## Principal/Designee Deposit Guidelines

The Designee's general deposit guidelines are as follows:

- All cash and checks must be sent to the bank within 24 hours of their physical receipt date.
- Cash and checks must not be sent (by courier or any other means) to another campus or the administrative office.
- Money on hand at the end of the school day should be locked in the school safe located in the secretary's office. Desk drawers are not considered a secure location.
- The Designee's personal money should never be stored with student/campus activity fund money.

## Principal/Designee – Deposit Control Sheet

At the start of the school year, Business Services provides each Designee with a new Deposit Control Sheet for each main account.

The Designee must complete a Deposit Control Sheet for every deposit. Once completed, the Deposit Control Sheet provides Business Services with the necessary information to properly credit the deposit to the appropriate sub-account(s).

In addition, the Designee must clearly document on the Deposit Control Sheet instances when a

- Sponsor's fund raiser deposit is Taxable.

# Duncanville ISD Financial Procedures Manual

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## Principal/Designee –Deposit Slip

Next, deposit slip must be completed. General deposit slip guidelines are as follows:

- Each deposit slip must reference the correct account code.
- Deposit slips must indicate if the deposit is taxable.
- Business Services will post the deposit to the appropriate budget/activity account after the physical receipt of all proper documentation, deposits are posted weekly. Remember, missing information may delay the proper credit to the appropriate account.

## Principal/Designee – Complete Deposit Package

After all required deposit procedures are complete, the Designee should file each deposit package as follows (the following documents should be stapled together):

- Copy of Deposit Slip
- Copy of Deposit Control sheet
- All Sponsor Deposit Reports
- All other documentation (i.e. check stubs)

## Fund Raising: Policy and Procedures

Fundraisers are the primary source of revenue for most activity funds. In order to ensure that each fund raising event is conducted in accordance with District guidelines, the following policies and procedures should be strictly followed.

### General Guidelines

1. NO “joint” fundraisers between Activity Funds and outside organizations (i.e., PTA, athletic and band boosters clubs, etc.).
2. No student shall solicit door-to-door.
3. The fund raiser profit must be used to benefit the student group responsible for raising of the money
4. Money and checks must NOT be stored at the Sponsor’s home.
5. Merchandise must be kept in a secure, locked location within the District to avoid being lost or stolen. The Sponsor is responsible for the safekeeping of the merchandise.
6. No person is permitted to cash personal checks with money being readied for a deposit.
7. No person is permitted to pay vendors with cash from a fund raising activity. All expenditures will be made by purchase order.

Most importantly, all campus-wide, student or teacher fund raising activities must be approved on the FUND RAISING/SALES ACTIVITY FORM by the appropriate Principal/Director and Chief Financial Officer before a fund raising event can occur.

# Duncanville ISD Financial Procedures Manual

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## **Fund Raiser/Sales Activity Application**

This form must be completed in full by the Sponsor and approved by the appropriate Principal/Director at least two weeks before the fund raiser. Every properly approved fund raising activity requires that the following steps be completed:

1. The application must be completed by the individual Sponsor. It should be printed, filled in, and forwarded to the Principal/Director to be approved.
2. Once approved, the original should be kept on file at the main campus office by the Principal/Designee and a copy forwarded to Business Services.
3. In the event that approved dates and/or details change, the Sponsor must submit a new or revised application to be approved.

## **Tax Exempt Sale Guidelines**

### **Purchases Made**

Any purchases made in the name of the school district or group of the school district are exempt from sales tax. Exempt organizations are entitled to an exemption only on items purchased and used directly and exclusively in pursuit of the exempt purpose. For school districts, items purchased must relate to the educational process.

Purchases made by individual members or teachers/coaches of classes or teams have no exemptions even though they are connected with a school or a school organization. Examples are: cheerleaders purchasing their own uniforms, band members purchasing their own instrument, or science students purchasing a science board.

In order to be afforded the sales tax exemptions, various certificates should be presented:

**Tax Exemption Certificates** – The Texas Sales and Use Tax Exemption Certificate should be presented each time a purchase is made. It must state that the merchandise being purchased is for the organization's own use in providing education, is being made in the name of the organization, and that payment will be made from the organization's own funds.

**Resale Certificates** – A Texas Resale Certificate should be given to the vendor when merchandise is purchased by the school for resale (such as fundraisers).

**Hotel Certificates** –Educational organizations and their employees traveling on official business of the organization are exempt from the Texas state hotel tax: the organization and their employees must pay local tax. The Texas Hotel Occupancy Tax Exemption Certificate must be presented at the time of registration at the hotel. When traveling out of state, district employees or groups are not afforded any tax exemption on hotels. (Individuals should be reimbursed for out of state taxes.)

Note that meals purchased by the school for group student travel on authorized school trips are exempt from the sales tax only if the school contracts for meals. (This would also apply for banquets

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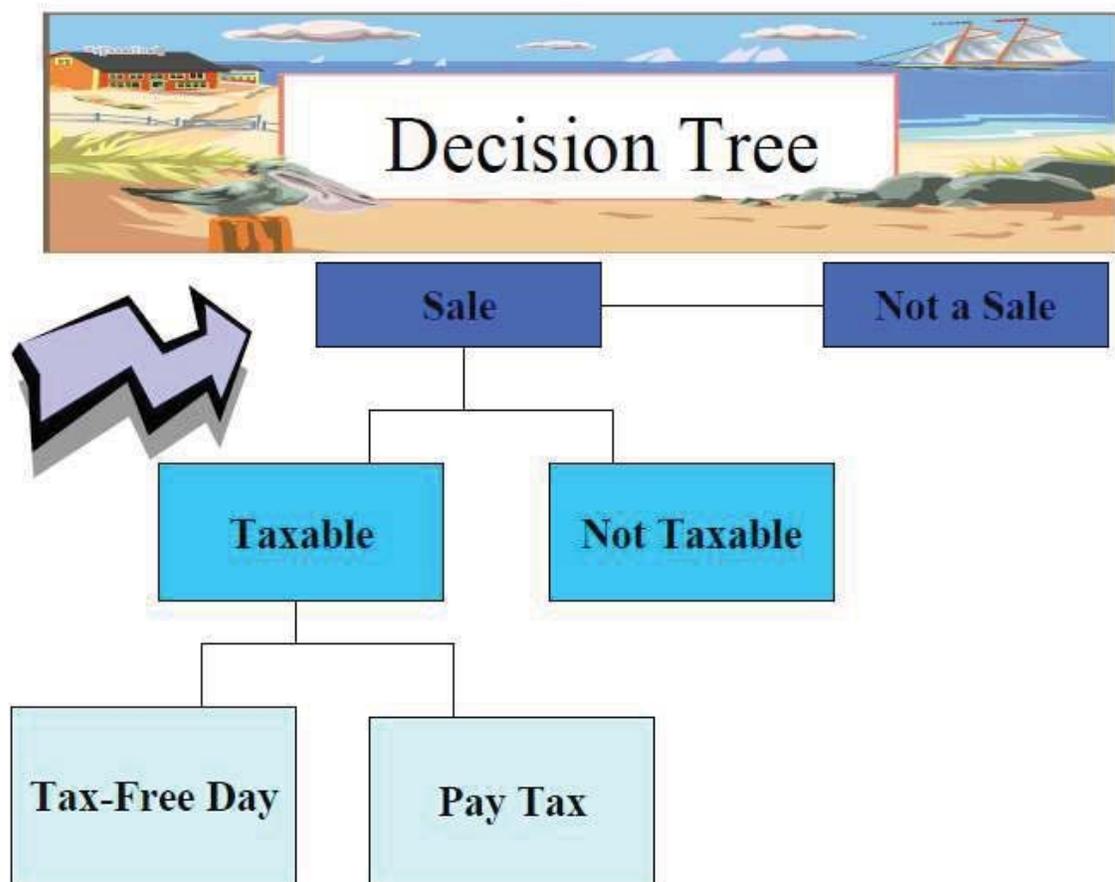
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for school groups.) Generally, the meal must be paid for with a school check and the eating establishment must be provided with an exemption certificate. Individual members of the groups may not claim exemption from sales tax on meals they purchase while on a school or school district authorized trip. (Individuals should be reimbursed for their individual meals.)

## Revenue Received

### Sale vs. Not a Sale

Often times, there is confusion as to whether something is a sale or not. For all revenue received, we must decide if it is a sale, or if it is not a sale.



A sale is the transfer of title or possession of tangible personal property for consideration (usually money). A sale also includes the performance of a taxable service for consideration. All sales (whether taxable or not) are to be reported on line 1 of the Texas Sales and Use Tax Return.

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Sale	Not a Sale
Admission – athletic, dances, dance performances, drama performances	Collection of money from students to pay a company for admission or service (i.e., Magic Theatre, Sea World, PSAT test)
Admission – summer camps, clinics, workshops, project graduation	Commissions received
Donated items that are sold	Donations of money to the school or school group
Fundraisers where we are the seller, not just the middle-people	Dues received for clubs
Parking Permits	Fees – musical instrument maintenance, lab, uniform cleaning, transcripts
Rentals of items	Fieldtrip collections
Rental of facilities	Fines received [ textbooks, library books, parking, Locker, uniforms, calculators, obligations
Sales of Food	Fundraisers when the school group merely receives a commission (i.e., library book fairs, some author sales, recycling)
Sales of merchandise (to include items made by students)	Lost payments – books, handbooks, calculators, locks, ID cards
Sales of services	Marathon fundraisers – these are donations (i.e., lift-a-thon, jog-a-thon, jump rope for heart, basketball hoops)
School publication sales	NSF check redeposit Summer School, Saturday School, Community Education tuition and fees
	Summer School, Saturday School, Community Education tuition and fees

In some fund-raising activities, the school or school group is merely acting as a sales representative for a retailer, and tax must be collected. The tax would be remitted to the retailer, and the retailer would claim it as their sale and they would pay the tax to the Comptroller's office. The school would not report this type revenue as a sale. Examples are vending machine sales where the vendor services

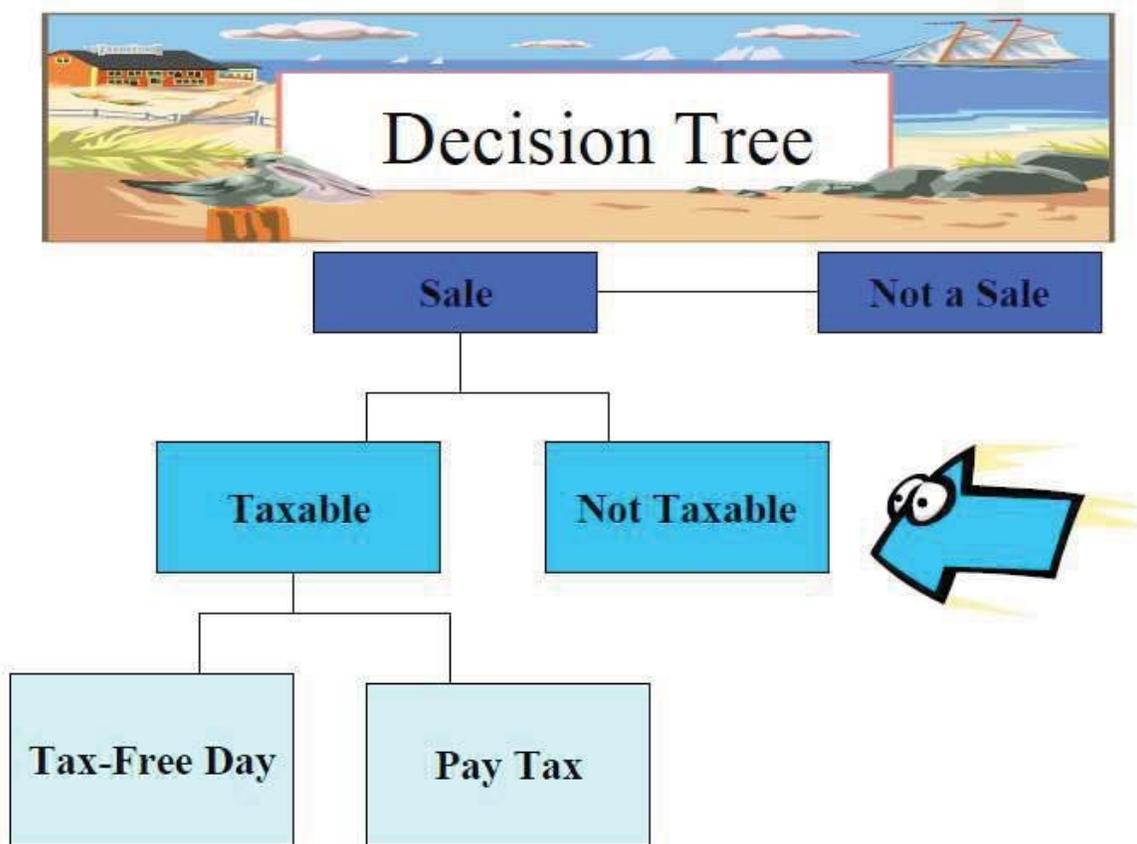
the machine, school pictures, and library book sales. Only when the school or school group purchases the merchandise and then resells these items to their customers is the school the seller. The school should provide a resale certificate to the retailer.

## Taxable Sales vs. Non-taxable Sales

Texas sales tax statutes impose tax on the sale, lease, or rental of tangible personal property and selected services. Tangible personal property includes personal property that can be seen, weighed, measured, felt, touched, or that is perceptible to the senses in any other manner. When an individual purchases a tangible item and it becomes the personal property of someone, it is taxable.

It is irrelevant if the school logo is on the item or that the item will be utilized by a student in a school group for a school function.

School districts, schools, and school groups making sales of taxable items that do not have a specific exemption must collect and remit the tax. The items or activities on the following lists have been identified as being taxable or non-taxable by the Comptrollers' Office when sold or sponsored by a school, by an organization within a school, PTAs, Booster Clubs, and employee associations. Whether taxable or not, all sales are reportable as sales on the Texas Sales and Use Tax Return. The lists are not all-inclusive but may help you make determinations on other similar sales.



## NON-TAXABLE SALES

Ad sales - in yearbooks, athletic programs, newspapers, posters
Admission – athletic, dances, dance performances, drama and musical performances
Admission – summer camps, clinics, workshops, project graduation
Admission – banquet fees
Admission - bids, prom, homecoming
Admission - tournament fees, academic competition fees
Cosmetology services (Products sold to customers are taxable)
Discount/Entertainment cards and books
Facility rentals for school groups
Food items sold during fundraisers (including annual plants and seeds that produce food for human consumption)
Labor - automotive, upholstery classes (parts are taxable)
Magazine subscriptions greater than six months
Parking permits
Services - car wash, cleaning

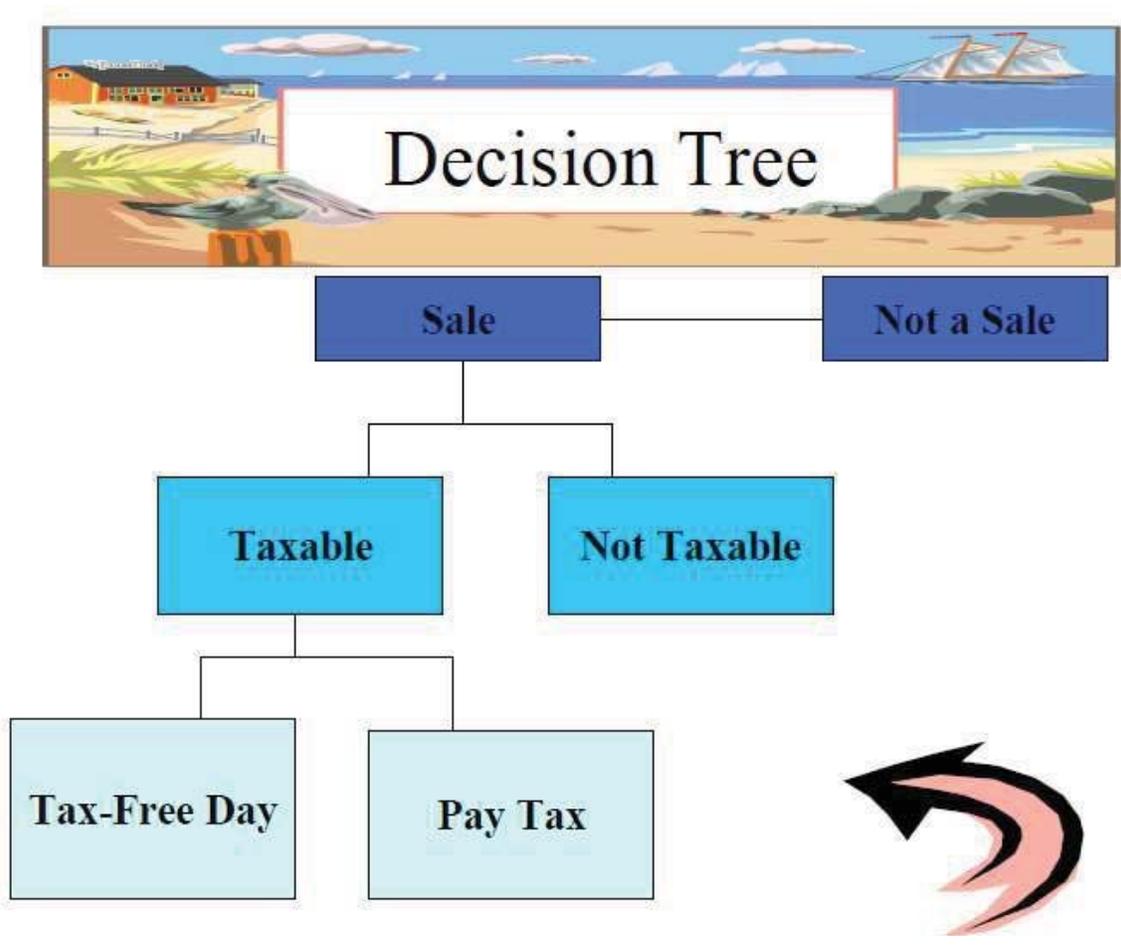
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## TAXABLE SALES

Agenda books	Magazines – subscriptions less than six months
Agricultural sales	Magazines - when sold individually
Art - supplies and works of art	Musical supplies - recorders, reeds
Artistic - CDs, tapes, videos	Parts - career & technology classes (not to include products used in cosmetology)
Athletic - equipment and uniforms	Parts - upholstery
Auction items sold	PE - uniforms, supplies
Automotive - parts and supplies	Pennants
Band - equipment, supplies, patches, badges, uniform sales or rentals	Pictures - school, group (if school is the seller)
Book covers	Plants - holiday greenery and poinsettias
Books - workbooks, vocabulary, library, author (when we are the seller)	Rentals - equipment of any kind
Brochure items	Rentals - uniforms of any kind, towels
Calculators	Repairs to tangible personal property (i.e., computer repair, house remodeling)
Calendars	Rings and other school jewelry
Candles	Rummage, yard, and garage sales
Car - painting, pin striping	Safety supplies
Clothing - school, club, class, spirit	School publications - athletic programs, posters
Computer - supplies, mouse pads	School publications - brochures
Cosmetology products sold to customers	School publications - magazines (unless > six month subscription)
Cups - glass, plastic, paper	School publications - newsletters, newspapers (generally are not sold though)
Decals	School publications - reading books
Directories - student, faculty	School publications - sheet music, hymnals
Drafting – supplies	School publications - yearbooks
Family and Consumer Science - supplies and sewing kits	School store - all items (except food)
Fees - copies, printing, laminating	Science - science kits, boards, supplies
Flowers - roses, carnations, arrangements	Spirit items
Greeting Cards	Stadium seats
Handicrafts	Stationery
Horticulture items	Supplies – any sold to students
Hygiene supplies	Uniforms - any type to include PE, dance team, drill team, cheerleaders, athletic, club shirts
Identification cards – when they are sold to entire student body (not just the fine for a lost ID card)	Vending - pencils and other non-edible supplies when the school services the machine
Locks - sales and rentals	Woodworking crafts - entire sale to include parts and labor
Lumber	Yard signs
Merchandise, tangible personal property	

## Tax-Free Days

Each school district, each school, and each bona fide chapter of each school is allowed to have two, one-day tax-free sales each calendar year. During these tax-free sales, the organization may sell any taxable item tax-free. The exemption does not apply to items sold for more than \$5,000, unless the item is manufactured by the organization, or the item is donated to the organization and is not sold to the donor. There is no limit on the number of bona fide groups at a school or school district.



A bona fide chapter is a group that must be organized for some business or activity other than instruction or a participatory group. Essentially, any student group that is recognized by the school and is organized by electing officers (not just participatory captains), holding meetings, and conducting business are bona fide chapters of the school and each group may have two, one-day, tax-free sales in a calendar year. Groups meeting for classroom instruction or team sports are not categorized as bona fide chapters and do not qualify for the tax-free day sales.

For example:

- The school district qualifies for a tax-free day.
- The school-wide fundraiser qualifies for a tax-free day.
- The Basketball Club qualifies, but the basketball team does not.

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- The Cheerleader Club qualifies, but not the cheerleader team.
- The Debate Club qualifies, but debate teams and classes do not.
- The French Club qualifies, but the French classes do not.
- The Senior Class qualifies, but not one particular class that has seniors in it.

One-day means 24 consecutive hours; the delivery should be made on a single day. Generally title passes to the purchaser when the item is given to the purchaser. In the case of pre-ordered and pre-paid sales, title can transfer as soon as the seller (school) receives the order. Therefore, the date the items are delivered by the vendor to the seller is designated as the one-day for the purposes of the tax-free sales. However, persons buying from surplus stock on subsequent dates after the tax-free day owe tax on the items.

When the school or school group receives a commission, the tax-free day sale provisions cannot apply because the sale is the vendor's sale, not the school's sale. The school group would collect and remit tax to the vendor, and the vendor would report the sale and remit tax to the Comptroller's office.

## **Food Sales**

The sales tax statute exempts the sales of food, including meals, soft drinks, and candy, by a group associated with a public or private elementary or secondary school when the sales are part of a fund-raising drive sponsored by the organization, and all net proceeds from the sale go to the organization for its exclusive use. Student groups, PTAs and booster clubs are included in the provision. It does not matter if the sale is during the school day, the evening, or on a weekend; if it is a fund-raiser, it is not taxable.

However, tax-exempt sales of food by a school district (i.e., food service) are limited to the regular school day. Catered food sales by the district's food service are taxable unless sold to the school district. All athletic event concession sales are taxable unless the sales are part of a fund-raising event.

## **Accounting For One-Day Tax-Free Sales**

The Principal/Designee has the responsibility of keeping track of the total number of One-Day Tax-Free Sales each organization has completed during the calendar year.

The Sponsor has the responsibility of determining whether or not a product fund raiser qualifies as tax exempt before the fund raiser application is submitted to the principal. If a Sponsor needs clarification of how many tax exempt fund raisers a particular club or organization has performed in a calendar year, then the Designee can provide this information to the Sponsor.

The Sponsor's Third Product Sale Fund Raiser in the Same Calendar Year

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The Sponsor's Third Product Sale Fund Raiser in the same calendar year is taxable, and every additional product sale fund raiser that occurs until the end of the calendar year is also taxable. It is the Sponsor's responsibility to clearly document on the Sponsor Deposit Report that the Fund Raiser Deposit is Taxable. It is the Principal/Designee's responsibility to clearly document on the Deposit Control Sheet that the Sponsor's fund raiser deposit is Taxable.

## **Sponsor/Booster Club Fund Raiser Restrictions**

Sponsor Fund Raiser – a Sponsor must deposit all cash/check collected from a Principal approved Fund Raiser.

Booster Club Fund Raiser – a Sponsor may assist with a Booster Club Fund Raiser. Once the fund raiser has concluded, any donation to the Sponsor/Club must be provided in the form of an official Booster Club check.

## **Refund Procedures**

The Principal/Designee has the responsibility of processing all lost textbook refunds. The Designee's specific procedures are as follows:

- 1) The Designee should review the cash receipt book to find the student's original receipt of payment.
- 2) A requisition should be processed to the parent/legal guardian to refund the student's original payment. The Designee should document the following information on the requisition: Amount of Refund, Student's Name, Title of Book, Last Four Digits of the Book's ISBN#, and the Campus Name. (All info can be found on the original receipt book.)
- 3) A copy of the Deposit Control Sheet and the student's original receipt should be attached to the requisition as back-up.

## **Returned Check Process**

The District will utilize PayTEK Solutions. This will be coordinated through Duncanville ISD Business Services. The PayTEK Solutions permanent decals should be posted in a prominent location near the entrance of each school. This decal outlines Duncanville ISD's check acceptance policy. This policy is as follows:

### **Check Acceptance Policy**

For a check to be an acceptable form of payment it must include your current, full and accurate name, date of birth, valid driver's license number, address and telephone number. In the event that a check written to a Duncanville Independent School District campus, club, or organization is returned unpaid by your bank, Duncanville Independent School District or its agent (PayTEK Solutions) will redeposit your check electronically. Additionally, you understand and agree that we may electronically collect a returned check fee of \$30.00 plus applicable sales tax. The use of a check for payment is your ACKNOWLEDGEMENT and ACCEPTANCE of this policy and its terms. You may reach PayTEK Solutions at (800) 641-9998.

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Principals, Sponsors, and appropriate administrative personnel should ensure that check writers understand and accept this policy.

Collection of NSF checks will be directly through PayTEK Solutions. No district employee will collect funds for NSF checks.

## Cashing of Checks

Under NO circumstances will personal and/or payroll checks be cashed.

### Purchases from Activity Funds

The policies and procedures which apply to the expenditure of General Funds also apply to the expenditure of Activity Funds. The following general guidelines apply to the purchasing process in relation to Activity Funds:

- Purchase of Gift Cards/Certificates will NOT be allowed. In accordance with Federal Cost Principles OMB Circular A-87 gifts or items that appear to be gifts are Unallowable.
- No expenditures for the following will be made:
  - + individual professional dues,
  - + private club memberships,
  - + alcoholic beverages and
  - + other similar/related expenses.
- Business Services will not reimburse employees for sales tax they paid for purchases on behalf of Duncanville.
- All expenditures from Activity Funds must be made by Purchase Order.
- No expenditures will be made using non-deposited cash.
- District approved Purchase Order must be obtained before any activity fund purchase can be made.
- All cash receipts must be submitted to Business Services within two days of the original transaction date.
- No purchase shall be made unless sufficient funds are available in the proper Activity Fund Account.
- No attempt to by-pass District procedures for expending budgeted District funds by using Activity Funds will be made.

## Booster Clubs, PTA, PTO and other related organizations

Regarding Booster Club, PTA, PTO, and other related organizations, the following directives regarding a sponsor's duties and responsibilities with the Booster Club, PTA, PTO, and other related organizations include, but not limited to:

- They may not have responsibilities of management or distribution of the Booster Club, PTA, PTO, and other related organizations monies;

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- Do not serve in any capacity of the Booster Club, PTA, PTO, and other related organizations as an officer;
- May not be identified on any financial document or agency related to the Booster Club, PTA, PTO, and other related organizations;
- May not receipt monies collected on behalf of the Booster Club, PTA, PTO, and other related organizations. May only collect and hold monies, in accordance with Duncanville Activity Account procedures, for the purpose of having a Booster Club, PTA, PTO, and other related organizations representative pick-up the monies;
- Any monies donated by the Booster Club, PTA, PTO, and other related organizations to the campus organization must follow the Duncanville Activity Account procedures; and
- Booster Club, PTA, PTO, and other related organizations may not utilize the District or campus address or tax exempt status.

Sponsor/Booster Club, PTA, PTO, and other related organizations Fund Raiser Restrictions

Sponsor Fund Raiser – a Sponsor must deposit all cash/check collected from a Principal approved Fund Raiser.

Booster Club, PTA, PTO, and other related organizations Fund Raiser – a Sponsor may assist with a Booster Club, PTA, PTO, and other related organizations Fund Raiser. Once the fund raiser has concluded, any donation to the Sponsor/Club must be provided in the form of an official Booster Club, PTA, PTO, and other related organizations check.

## End of Year Record Collection Procedures

### Sponsor Responsibilities:

Turn in the following to Secretary/Designee:

- All receipts books dated current school year. If you have any partially used receipt books, turn them in as well and they will be re-issued in August.
- All receipt books must be clearly marked with campus and club/activity name.
- Sign summary sheet once you ensure that it is a true and accurate record of account for the activity/club.

### Secretary/Designee Responsibilities:

Turn in the following to the Principal:

- Summary sheets and ledgers must be in balance with Skyward.
- All documentation/paperwork that supports or backs up all revenues and expenditures.
- All records, along with completed checklist, are to be stored in a storage box and labeled appropriately. Schools shall box up the records and receipt books, store in Principal's office during the summer months.

\*\*\*A Business Services audit may occur to review all documentation\*\*\*

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## **Activity Fund Record Retention Policy**

All Sponsors are responsible for tracking all deposits and expenditures for their perspective sub account and for verifying against Skyward reports.

All designees must print Skyward detail reports of all Activity Fund Accounts for review and approval by Sponsors.

All records should be kept current and in good order for a period of five years and available for audit any time.

## **Purchasing / Policies and Procedures Overview**

### **General Information**

All tangible items and services must be ordered using a Purchase Order. Issuance and approval of the Purchase Order must proceed the ordering of goods and services. No purchases, charges, or commitments to buy goods or services for the district can be made without an approved Purchase Order. Items ordered with any other method violates Board Policy and will be subject to the Chief Financial Officer's approval. Duncanville Board policy (CH LOCAL) states "All purchase commitments shall be made by the Superintendent or designee on a properly drawn and issued purchase order, in accordance with administrative procedures. However, any single, budgeted purchase of goods or services that costs \$50,000 or more, regardless of whether the goods or services are competitively purchased, shall require Board approval before a transaction may take place. District employees shall not be permitted to purchase supplies or equipment for personal use through the District's Purchasing Department." Any person in violation of this policy may be liable for the purchase of the items, and possible stricter consequences.

### **Accounts Payable Calendar**

Business Services issues checks according to Business Services Pay Schedule posted on the District's website. The processing schedule is as follows:

All Received POs with supporting documents and invoices are due in Business Services by the end of the business day listed as the calendar. Checks are processed and compared to supporting documents for accuracy of vendor name, address and dollar amount and then printed by the end of the business day listed as the pay date. Checks will be printed once a week. Checks are released for mailing or pickup by the end of the business day following the pay date. Exceptions are made to the procedures only with the approval of the Director of Accounting or the Chief Financial Officer.

### **Employee Reimbursements**

It is best practice not to have employee reimbursements (exception travel). If an unforeseen, emergency situation occurs and a purchase must be made without prior approval, immediately enter a requisition and e-mail the Director of Accounting ([mmoran@duncanvilleisd.org](mailto:mmoran@duncanvilleisd.org)) with a statement justifying the purchase.

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## **Employee Responsibility -**

Part A of Professional Development/Travel form needs to be completed and approved before travel arrangement are made for any conferences, workshops, etc. Part A needs to be attached to request for Hotel, Registration and ER.

All employees enter their own ERs in Skyward. Before entering an ER for the first time, the employee must contact Purchasing to be set up as a vendor in Skyward. Employees will be reimbursed through a direct deposit to the bank on file with payroll. Employees will need to select a Pre-verifier from the drop down list. After entering the detail line the employee will need to select an account code from the drop down list or if not listed, enter the code provided by the secretary when Part A of the Request for Professional Development/Travel form is approved by Principal. The employee should attach the Part A and B of the Travel Form and any other receipts, statements, etc. After submitted the employee will give original documentation to their secretary. Original documentation is not required in the business office but will need to be retained at the campus/department level for audit purposes.

## **Campus Secretary Responsibility -**

At the campus level, employee reimbursements should be checked for proper paperwork to include the Travel A and B Form, proper back up for expenses claimed and legible itemized receipts. Claimed expenses on Travel A and B Form should match what is entered for reimbursement and attached to the ER. When employee reimbursements have been verified and approved at the campus level, they are routed to the Finance Department for processing. If for some reason employee reimbursements are not processed and denied, an email notification with the denial reason will be sent to the person who entered the employee reimbursement. The person who entered the employee reimbursement will correct the issues, resubmit the employee reimbursement and the verification and approval process will start again.

## **Check Request**

Check Requests can only be used for the following circumstances:

Field Trips

Student Meals

Hotels

Entry Fees

Officials

SRO (Student Resource Officer)

## **Requisitions**

A requisition is an internal document by which a campus or department of the district requests the Purchasing Department to initiate a purchase order. It is a request generated electronically (through the use of Skyward) for the purchase of supplies, services, equipment, etc. A requisition is an

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unapproved purchase order. No purchasing commitment shall be made without an approved purchase order.

The following purchasing directives must be followed:

- Approval of purchases must be made prior to a purchase
- Request for payment without a purchase order approved by Business Services/Purchasing Department will become the responsibility of the person ordering the material or service.

Purchase requisitions are initiated by those having proper authority and flow through a designated campus or department approval process until final approval is given. Requisitions which require expenditures from a Special Revenue Fund must be approved by the program administrator (Federal Programs, etc.)

Skyward provides extensive purchase order inquiry capabilities that permit the user to check the approval status of any requisition. Some requisitions, such as those for technology, federal funds, etc., must proceed through an additional level before receiving final approval. Once a requisition is approved and a purchase order number is assigned, the purchase order may be sent to the supplier.

Requisitions must go through the appropriate approval levels. This is achieved via the workflow approval process within the Skyward system. After the requisition is entered, it will automatically be sent to the appropriate approver within Skyward.

When requisitions have been approved at the campus level, they are then routed to the next level for approval. The Purchasing Department has the final approval. If for some reason, requisitions are not approved, an email notification of the denial reason will be sent to the person who entered the requisition.

## **Requisition Format**

In order to avoid delays in processing, requisitions should include all information necessary to clearly define the needs of the user department or campus. Requisition information required includes the following:

- Complete, specific, and accurate description of items to be purchased
- Quantity ordered, unit cost
- Shipping/freight costs, if any
- Vendor name and address
- Account code to be charged
- Discounts, if any
- Delivery destination (campus, Admin Bldg., etc.) and "to attention of" included in requisition
- Special instructions must be written in the notes to Purchasing Department
- The Principal/Supervisor is responsible for ensuring the accuracy of the requisition

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Requisitions received by the Business Services are reviewed for the following items prior to approval of a purchase order:

- Accuracy
- Adequate description
- Proper account coding
- Supporting documentation
- Overall completeness

Note: Split fund coding a single requisition is necessary when purchasing more than one item that requires different codes within the same requisition. An example of this would include the purchase of items for library supplies and award incentives. Library supplies would be coded 199-12-6399  
Award incentives would be coded 199-23-6499

## Purchase Orders

Skyward is used to enter requisition information for standard Purchase Orders. Once a requisition is completely approved it becomes a purchase order. As the Purchase Order information is entered, the system immediately posts an encumbrance entry for each account code used on the Purchase Order. The encumbrance entry reduces the available budget remaining in those accounts. Purchase Orders are issued on a daily basis by the Purchasing Department based on information submitted on requisitions and are not to be modified once issued. Once a Purchase Order is issued, the same Purchase Order number cannot be reused for reorders. After a Purchase Order number has been assigned, the Purchase Order may be faxed or e-mailed to the company. A Purchase Order, once approved, is a binding commitment for the District to remit payment to the vendor after the item(s) and/or services are received. Once items are shipped and/or services performed, the vendor must submit a properly executed invoice to Business Services to receive payment. Funds remain encumbered until the Purchase Order is closed.

## Credit Card Use

1. Chevron and Costco Credit Cards are issued in the district's name. All purchases made on a Credit Card must be made by the cardholder, on behalf of the District. Purchase Order must be in place before the use of card. The cardholder is responsible for the security of the Credit Card and the transactions made with it. Failure to follow these guidelines may result in disciplinary action, up to and including termination.
2. Chevron Credit Cards will be distributed through Business Services.
3. Duncanville employees do not pay their own monthly Credit Card bill. The Duncanville Credit Card Program does not affect the cardholder's credit rating in any way. The Credit Card Program carries corporate, not individual, liability.
4. With an approved PO on file, the cardholder may use the Costco Credit Card. It may be used for in store purchases. Special approval for mail, internet, and telephone or fax orders must be obtained from the Chief Financial Officer or Director of Accounting prior to use. Discretion should be used in order to protect the Credit Card and the card number.
5. The Credit Card may be used to reserve a hotel for or purchase airline tickets for district travel, but shall not be used by any District employee to pay for auto rentals or hotel room charges. All travel arrangements shall be made in accordance with District Travel Policy.

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6. The Duncanville Independent School District is a tax-exempt entity and does not pay sales tax. The Cardholder should be prepared, if requested by a Vendor, to present a copy of the Duncanville ISD sales tax exemption form when making a purchase. This form may be accessed on the Business Services' website.
7. The Credit Card is not intended to avoid or bypass appropriate purchasing or payment procedures as outlined in Board Policy CH or the Financial Procedures Manual. This program complements the existing processes available.

## Receiving

Monitoring the delivery and receipt of Purchase Orders is the responsibility of the campus/department receiving the items ordered. This ensures that the District actually receives what is purchased. It is recommended that each campus assign a specific individual with receiving responsibilities who is familiar with receiving procedures. No orders can be shipped to employees at their home address. All deliveries must be made at district facilities.

## Receiving Procedures

- Procedures should also be in place for receiving supplies during the summer and winter breaks.
- Items ordered with a purchase order will be delivered to the site from the supplier.
- It is imperative to receive (check in) items within 24 hours after receipt.
- Vendors are required to send invoices to Business Services attention: Accounts Payable for payment processing.
- Packing slips should accompany shipment of supplies and should be used for assuring correct contents (quantities and description of items shipped)
- Do not delay the 24 hour time frame of receiving shipments (through Skyward) because of a lack of an invoice.
- Invoices should be immediately sent to accounts payable if sent with shipment.

Suppliers cannot be paid until the receiving activity has taken place. Invoices are overdue 31 days after the later of 1.) the date the goods and/or services are received and 2.) the date the District receives a correct invoice. This is a test the auditors perform every year and the District is written up on the Annual Audit when the auditors find anything paid late. If interest or late fees are assessed due to late payment, the budget code used to make the purchase will be charged for the penalty. (Prompt Payment Act, Section 2.40)

If the person performing the receiving cannot locate the packing slip, he/she should immediately contact the vendor and request a copy.

## Purchase Order Closure

In the event it becomes necessary to cancel a Purchase Order, the campus/department must advise the Purchasing Department by email. The Purchase Order will be canceled causing Skyward to liquidate the funds encumbered. Purchase orders are valid for the current fiscal year only and subsequently will be closed.

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## Campus/Department Responsibilities

- Shall ensure that the requisition request is a complete, specific, provides an accurate description, the 5 W's (Who, What, Where, Why, and When) and that the purchase supports individual campus plans.
- Shall ensure that the purchasing process (through the use of an approved purchase order) always precedes the payment process.
- Shall only initiate procurements that are within approved budget authority.
- Shall be diligent in planning ahead to ensure that requisitions submitted for approval transpire in a timely manner to allow for adequate review and revisions if necessary. "Rush" approvals of requisitions should only be used in extreme emergencies.
- Shall use approved vendors to procure goods and services.
- If necessary, shall confirm with the Purchasing Department that an approved vendor is not available for goods or services needed.
- If a vendor must be contacted to obtain information to prepare a requisition, shall explain to the vendor that the request for information does not represent a commitment to purchase.
- Shall provide for initiating the procurement only through a properly approved purchase order.
- Shall monitor the Purchase Order and notify appropriate personnel of any cancelations of Purchase Orders.
- Shall not release the requisition/purchase order number or use a draft copy of the requisition in dealing with the vendor until there is an approved Purchase Order by the Purchasing Department. The approval process is not complete until the status of the requisition has changed from Batch (B) to Open (O) by the Purchasing Department.
- Shall not make any commitments to acquire goods or services in the name of the District for personal use or ownership.
- Shall process all requests for procurement that cost or aggregate to a cost of \$50,000 or more through the Purchasing Department for Board approval.
- Shall follow Purchasing Department procedures for emergency purchases.
- Shall be responsible for complying with Board Policies and the Financial Procedures Manual procedures when purchasing goods and services for the District.
- Shall not make changes to purchase orders without prior approval from the Purchasing Department.

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- Shall ensure that items ordered match the Purchase Order.
- Shall record the receipt of goods or services in Skyward.

## **Business Services Responsibilities:**

- Shall not approve a requisition after the event or purchase has taken place (after-the-fact) until supporting documentation is received from the party making the purchase. The documentation will be reviewed for approval or denial, and a course of action will be determined.
- Shall review each requisition in a timely manner for completeness and accuracy.
- Shall verify correctness of budget coding according to regulations.
- Shall work cooperatively with campuses and departments to resolve problems and questions.

## **Vendors**

- An approved vendor is a vendor that has been awarded or entered a BID/Proposal with the District or a Purchasing Cooperative in which the District is a member and normally provides greater savings to the District because of the competitive procurement process. Campuses/Departments are encouraged to seek additional discounts from approved vendors during the requisition process. If the goods or services are unavailable from an approved vendor, the campus may find the goods or services elsewhere with complete W-9 vendor request information provided to the Purchasing Department.
- Name of the requested vendor
- Specific description of the item/items being ordered that cannot be purchased through other approved vendors
- A W-9 form is available on the District website. (The form must be distributed to new vendors by the requesting campus)

## **Technology Purchases**

The Chief Technology Officer must initiate all technology software, hardware, and peripherals purchases. All technology assets are tested before purchase to ensure compatibility. (Please allow time for Technology staff to test products if the purchasing equipment or software is new to the District). The purchase will be evaluated on the following criteria:

- Appropriateness to the educational setting
- Compatibility with existing systems
- Need
- Existing District standards

In order for the District Technology Department to better serve campuses through the support and identification of technology items, it is imperative to adhere to the following procedures:

All Purchase Orders for Technology items (digital cameras, Elmos, projectors, computers, printers, scanners, etc.) must be submitted to Technology through a ticket in Eduphoria through "helpdesk".

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The Helpdesk will read the ticket, get quote from vendor, email campus with quote and get budget code. Technology Department Secretary will originate a Purchase Order to the appropriate vendor.

The District Technology Department will insure the items are processed and delivered (by District Technicians) to individual campuses in a timely manner to the person who originated the request.

## Account Code Overview

In accordance with the Texas Education Code, <http://www.tea.state.tx.us/index4.aspx?id=1222> The Texas Education Agency has developed a standard fiscal accounting system to be used by Texas school districts. While the major purpose of this standard accounting system is compliance with the law, it was also designed to serve as a basic management tool for use in recording, controlling and reporting the financial activities of the District. The major component of this accounting system is a twenty (20) digit code structure. Within this code structure, fifteen (15) digits are required to be used for state reporting purposes. The remaining five (5) digits may be used at local option. The accounting code structure the District is currently using is illustrated below.

## ACCOUNT CODE STRUCTURE

XXX	XX	XXXX	XX	XXX	X	XX	XXX
Fund	Function	Object	Local Option Sub-Object	Organization	Fiscal Year	Program Intent	Local Option

### Basic System Code Composition

Fund Code \*The first set of digits in the line code (199-)

A mandatory 3 digit code is to be used for all financial transactions to identify the fund group and specific fund.

Function Code \*the second set of digits in the line code (199-xx-)

A mandatory 2 digit code applied to expenditures that identify the purpose of the transaction. The most often used function codes with a brief explanation are explained in upcoming pages.

Object Code \*the third set of digits in the line code (199-11-xxxx)

A mandatory 4 digit code that identifies the nature and object of an account, a transaction, or a source. (Example 199-11-6399)

Local Option (Sub-Object) \*The fourth set of digits in the line code (199-11-6399-xx)

An optional two (2) digit code used to account for information not otherwise provided by the mandatory chart of accounts. The Duncanville ISD uses this code for additional accounting control and program information. (Example 199-11-6399-19)

Organization \*the fifth set of digits in the line code (199-11-6399-19-xxx)

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A mandatory 3 digit code that identifies the organization (high school, middle school, elementary school, Superintendent's office, etc.) these are campus organization codes that are defined in the Texas School Directory for that school/campus. (Example 199-11-6399-19-003)

Fiscal Year \*the sixth set (single digit) in the line code (199-11-6399-19-003-x)

A mandatory single digit code that identifies the last digit of the appropriate fiscal year. For the 2016-17 fiscal year of the district, a 7 would denote the fiscal year. In Skyward we often use "0" so that historical data is maintained from year to year, multi-year grants are an exception to this practice. (Example 199-11-6399-19-003-0)

Program Intent \*the seventh set of digits in the line code (199-11-6399-19-003-0-xx)

A mandatory 2 digit code used to account for the cost of instruction and other services that are directed toward a particular need of a specific set of students. The intent (student group toward which the service is directed) determines the program intent code, not the demographic makeup of the students served. (Example 199-11-6399-19-003-0-99)

Local Option \*the eighth set of digits in the line code (199-11-6399-19-003-0-99-xxx)

An optional 3 digit code that may be used by the District to further describe the transaction. Most frequently used to determine clubs in Activity Funds. (Example 199-11-6399-19-003-0-99-000)

## Budget Codes

It is the campus/department responsibility to ensure the correct budget codes are used when entering a requisition. In order to process Purchase Orders in a timely manner, the correct budget codes must be used when the requisition is entered. A requisition that contains the wrong budget code will not be approved until the budget code is corrected. A comment from Business Services will be entered on the requisition whenever an incorrect budget code is identified. If questions arise regarding which budget code to use, contact Business Services for assistance.

**FUNCTION-** A mandatory two digit code that identifies the purpose of the transaction. This code is only applied to expenditures. The most widely used function codes, with a brief explanation, that are used by Duncanville ISD are as follows:

### Function 11- Instruction (classroom/teacher)

Function 11 is used for activities that deal directly with the interaction between teachers and students (instruction of students). Teaching may be provided for students in a classroom, in other locations (example home), and in other learning situations (example television, multimedia, radio). This function includes expenditures for direct classroom instruction and other activities that deliver, enhance or direct the delivery of learning situations to students. Function 11 costs include instructional supplies including but not limited to classroom supplies, grade books, grade book software, licensing fees, report cards, student handbooks, testing materials for tests developed and administered by teachers, graduation expenses, field trips, band instruments, student handbooks, speech, occupational and physical therapy services, and professional and contracted services,

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supplies and materials, furniture and equipment directly related to instruction, and other related costs.

## **Function 12- Instructional Resources and Media Services (Library)**

Function 12 is used for expenditures that are directly and exclusively used for establishing and maintaining libraries and other facilities pertaining to educational resources, and resource centers dealing instructional materials and media. Function 12 costs include the purchasing of library books, selecting, preparing, cataloging and circulating books and other printed materials, supplies for repairing books or other media materials, making available videos, filmstrips, tapes, TV programs, CD/DVD disks and similar materials that are maintained by a library or resource center.

## **Function 13- Curriculum Development & Instructional Staff Development (Staff Development for Curriculum Instruction)**

Function 13 is used for expenditures that are directly used to aid instructional staff planning, developing and evaluating the process of providing learning experiences for students. Expenditures include in-service training, and other staff development for instructional personnel (Function 11, 12, and 13) of the school district, expenses related to research and development of new or modified instructional methods, techniques, procedures, services, etc. Function 13 cost include staff that research and develop instruction, fees for outside consultants conducting instructional in-service and staff development, travel and subsistence for instructional related staff to attend in-service or staff development meetings, and supplies for in-service training.

## **Function 21- Instruction Leadership (Facilitators)**

Function 21 is used for expenditures that are directly used for managing, directing, supervising the instructional program, improving the quality of instruction and curriculum, and providing leadership for staff who provide instructional services (instructional supervisors, special population or educational program coordinators or directors [excluding Principals, Assistant Principals and related staff]). Costs of personnel who manage, supervise, direct and coordinate instruction, research and development, program evaluation and, as well as materials, equipment and supplies to support instructional administration are included in this function.

## **Function 23- School Leadership (Principal/Secretary)**

Function 23 is used for expenditures that are used to direct, manage and supervise a school campus including the activities performed by the principal, assistant principal and other assistants while they supervise all operations of the campus, evaluate staff, and assign staff duties of maintaining records of students. Function 23 costs include Principals, Assistant Principals and clerical staff who maintain related staff records, compile and report student attendance data, maintaining student activity funds, expenditures related to teacher appraisals, designing of campus improvement plans, and costs necessary to maintain their offices.

## **Function 31- Guidance, Counseling and Evaluation Services (Counseling)**

Function 31 is used for expenditures that are used for assessing and testing students' abilities, aptitudes, and interests, counseling students with respect to career and educational opportunities and helping them establish realistic goals. Function 31 includes costs of psychiatrists, psychological

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services, educational counseling, student evaluation and appraisal services, Diagnosticians, maintaining information on student course of study, testing, materials and standardized tests, supplies and equipment to support such activities, and student/parent counseling.

## **Function 32- Social Work Services (Social Workers, Truancy and Attendance Officer issues)**

Function 32 is used for expenditures that are directly used for activities related to promoting and improving school attendance of students such as: a) Investigating and diagnosing student social needs arising out of home, school or community b) Casework and group work services for the child, parent, or both c) Interpreting the social needs of students for other staff members, d) Promoting modification of the circumstances surrounding the individual student which are related to his or her social needs and e) supplies and equipment to support such activities.

## **Function 33- Health Services (Nurse)**

Function 33 is used for expenditures that are used for providing physical health services to students. This includes activities that provide students with appropriate medical, dental and nursing services. Function 33 costs include school physicians (including nurses that maintain the health of students or provide health services to students, contracted medical services that include doctor, dental, and vision visits and services, medical and health supplies to assist in health care, and student physical health screening and referral.

## **Function 34- Student (Pupil) Transportation**

Function 34 is used for expenditures that are incurred for regular bus routes for transporting students to and from school and between schools on regular routes. \*This Function is to be used by Business Services for Dallas County Schools.

## **Function 35- Food Service**

Function 35 is used for the operation and management of the District's food service program. Expenditures coded to this function include the cost of food, labor, and all expenditures necessary for the preparation, transportation and storage of food. \*This Function is to be used by Business Services for Sodexo.

## **Function 36- Extracurricular Activities**

Function 36 is used for expenditures for school-sponsored activities outside the school day. Extracurricular activities include inter-scholastic athletics, drill team, cheerleading, UIL competition such as one-act play, speech, debate, band, National Honor Society, etc. Function 36 costs include physical exams for athletes, medical supplies to be used for athletics, athletic supplies and equipment (including uniforms for both athletics and band), travel for coaches, trainers, band directors, sponsors of debate, science competition, etc., including meals and lodging for students' competition and extracurricular activities.

## **Function 41- General Administration**

Function 41 is used for expenditures that are for the purpose of managing or governing the school district as an overall entity. Examples of expenditures include expenditures incurred by the Board of Education, office of the superintendent, finance or business services, human resources, textbook

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custodian, tax administration, and general administrative services along with supplies needed to support the above.\*This Function is to be used by Administration.

## **Function 51 – Facilities Maintenance and Operations**

Function 51 Facilities Maintenance and Operations is used for expenditures/expenses for activities to keep the facilities and grounds open, clean, comfortable and in effective working condition and state of repair, and insured. This function is used to record expenditures/expenses for the maintenance and operation of the physical facilities and grounds. This function also includes expenditures/expenses associated with warehousing and receiving services.\*This Function is to be used by the Maintenance Department.

## **Function 52 – Security and Monitoring Services**

Function 52 Security and Monitoring Services is used for expenditures/expenses that are for activities to keep student and staff surroundings safe, whether in transit to or from school, on a campus or participating in school-sponsored events at another location.\*This Function is to be used by the Police and Emergency Operations Departments.

## **Function 61- Community Services (Adult/Parenting Classes)**

Function 61 is used for expenditures that are for activities or purposes other than regular public education and adult basic educational services. These types of expenditures are used for services or activities relating to the whole community or some segment of the community. Function 61 costs include parenting and parental involvement programs, parental and educational services to adults other than adult basic education, baby-sitting after hours, GED night program, before and after school program and civic activities.

**Object Codes** -A mandatory four digit code identifying the nature and object of an account, a transaction, or a source.

## **6200's- Professional and Contracted Services**

This includes expenditures for services rendered to the District by firms, individuals, or other organizations which are independent of the Duncanville ISD. Normally professional and contracted services represent a complete service that is rendered for the District, and no attempt should be made to separate labor from supplies.

## **6219 Professional Consulting Services**

This object code is used for expenditures for professional services rendered by personnel who are not on the payroll of the school district (examples Architecture, Optometry, Medicine, Professional engineering). These professionals are required to be licensed or registered with the state.

## **6229 Tuition and Transfer Payments**

This object code is used to clarify expenditures for tuition and transfer payments.

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## **6249 Contracted Maintenance and Repair**

This object code is used for expenditures for normal contracted upkeep, maintenance and repair of items provided by an outside individual or firm. (examples include copiers, maintenance agreement fees, repair of band instruments, etc.)

## **6291 Consulting Services**

This object code is used for expenditures involving improving performance of the District through analysis of existing problems and development of future plans in areas of instruction, curriculum and administration. Consulting may involve analytical techniques, strategy development, operational improvement or coaching strategies.

## **6299 Miscellaneous Contracted Services**

This object code is used for expenditures for services not listed above from individuals/companies used for such things as judging events, PSAT-SAT testing, shredding of materials and fire alarm inspections, etc.

## **6300's- Supplies and Materials**

This includes all expenditures for supplies and materials furnished by the District.

## **6321 Instructional Materials (formerly Textbooks)**

This code is used for expenditures for textbooks purchased by the District and furnished free to students, classes or grades.

## **6329 Reading materials**

This object code is used for expenditures for magazine and newspaper subscriptions, reference, reading material, and library books (not textbooks) that are placed in classes, offices, or libraries whether in print or in electronic format.

## **6339 Testing materials**

This object code is used for expenditures for testing materials (including test booklets). \*(usually used by admin personnel)

## **6399 General Supplies**

This object code is used for expenditures for those items of relatively low unit cost (even though used in large quantities) necessary for the instructional process and/or administration. Object code 6399 costs include items such as consumable teaching and office items such as paper, pencils, forms, postage, workbooks, filmstrips, VCR tapes, software, and other supplies for technology.

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## **6400's- Other Operating Expenses**

This includes expenditures for miscellaneous costs necessary for the operation of the District. Examples include travel and subsistence costs, field trips, elections costs, fees and membership dues, bid notices, and newspaper advertisements.

### **6411 Travel and Subsistence- Employee only**

This object code is used for expenditures for the cost of employee only transportation, meals, lodging, and registration fees, associated with traveling to or attending conferences on official business.

### **6412 Travel/subsistence- Students**

This object code is used for expenditures for the cost of transportation (rental of vans, buses and other vehicles other than school buses), meals, participation fees, room, and other expenses associated with students traveling on school sponsored events.

### **6494 Reclassified Transportation Expenditures/Expenses**

This object code is used to identify expenditures for transportation costs other than those incurred for the purpose of transporting students to and from school. (Includes field trips (Function 11) and co-curricular/extracurricular activities (Function 36) using district buses).

### **6495 Membership Dues**

This object code is used to identify expenditures for dues paid to clubs, committees or organizations such as TASSP, TASP, TEPASA, TASBO, TASB, TASA, Lions Club, Rotary Club, local chambers of commerce and other associations. This does NOT include registration fees associated with attending conferences/seminars which are coded to account 6411.

### **6499 Miscellaneous Operating Costs**

This object code is used to classify expenditures for all other operating costs not mentioned above. This includes: fees (not associated with travel expenses), incentives, awards, and graduation expenses, etc.

## **6600's- Capital Outlay**

This includes expenditures for the purpose of land, buildings, furniture and equipment. Generally, the furniture and equipment items are "tagged" and have a useful life of one year or more.

### **6639 Furniture, Equipment and Software**

This object code is used to classify expenditures for all equipment, furniture, technology equipment and capital outlay items having a per-unit cost of \$5000 or more and a useful life of more than one year. \*If the per-unit cost is under \$5000, object code 6399 should be used.

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## Locally Defined Object Codes:

- 2119 Object Code used for all Students Activity Fund. Ie. 865**
- 6395 Furniture, Equipment, and Software > \$500, but less than \$5,000.**
- 6497 Food for meetings, and school related events.**

## Special Description / Information Requisitions

Requisitions for the following categories shall include specific information to clearly describe the required materials or services:

### Regular Purchase Order

Regular POs are sent by the Purchasing Department to request goods and services from a vendor. Once the items have arrived at the shipping location, the PO must be received in Skyward before payment is distributed. Send the original invoice to accounts payable but NOT the Originators copy of the PO.

### Confirming Purchase Order

Confirming POs are used to request goods and services by phone and fax from a vendor and billed at a later date. This PO will not be mailed to the vendor by the Purchasing Department. You will place the order with the vendor after the requisition has been through all approval steps and is an approved PO. Once the items have arrived at the shipping location, the PO must be Received in Skyward before payment is distributed. Send the original invoice to Business Services but NOT the Originators copy of the PO or the PO Request form.

### \*OPEN/Blanket Purchase Order

Normally, OPEN/Blanket POs are not used when the quantity and unit price of an item to be purchased is known, or for one time purchases. An OPEN/Blanket PO is issued to an approved vendor authorizing purchases from that vendor until a specific period of time, the end of year PO cutoff or until the funds are dissolved. Each time you use a portion of the OPEN/Blanket PO receive in Skyward the dollar amount that you are receiving and scan and attach the receipt to the PO and send the original receipt with the PO number to Business Services.

OPEN/Blanket PO's are valuable because they allow the purchase of items quickly. Both paperwork and related processing costs usually are reduced by OPEN/Blanket PO's.

OPEN/Blanket PO's must include the following:

- "OPEN/BLANKET PO" must be stated on the requisition
- A total amount "not to exceed" dollar amount. Do not put "not to exceed" statement on regular Purchase Orders. Note: It is imperative that "OPEN/Blanket PO" statement requests be entered as a line item (narrative) and not put in the description.
- A detailed description of the types of items that will be purchased, such as classroom supplies, CSCOPE supplies, snacks, printing, etc. Using generic terms such as "supplies, materials, or services" is NOT considered an adequate description.

Note: \*Blanket PO's will not be allowed for Technology or Technology supply items.

## General Purchasing Procedures

The following purchasing guidelines have been established in order to avoid delays in the processing of requisitions. Failure to follow these guidelines will result in delays to the approval process.

Under no circumstance are requisitions or requisition numbers to be used in place of Purchase Orders. Orders may not be placed until the requisition becomes Purchase Order.

Keep copies of all POs and backup for your files.

Add a narrative to your POs that need to be faxed or emailed to the vendor. Purchasing will automatically fax PO unless stated on requisition – DO NOT FAX. In this cause you will be responsible for faxing.

It is imperative that OPEN/Blanket PO's include (a) specific time frame for purchases to be made (single calendar month) (b) limitation on the maximum dollar amount (ex. not to exceed \$100) and (c) a statement of "OPEN/Blanket PO" be entered as a line item (narrative) and not put in the description of the requisition.

Provide a detailed description of the types of items that will be purchased with Blanket PO's, such as teacher supplies, snacks, printing, etc. Using generic terms such as "supplies, materials for Cinco De Mayo and miscellaneous items bought for Staff events," etc. are not considered adequate descriptions.

When purchasing two or more items on the same requisition (example classroom supplies and snacks) the coding and the amount for each must be separated.

Registration fees that will be associated with travel expenses (meals, rooms, etc.) even if under another Purchase Order should be coded under object code 6411.

Membership Dues paid to organizations (TASSP, TEPSA, TASB, local associations) should be coded under object code 6495.

Food and refreshments (for school-related meetings) should be coded under 6497

Registration fees that are not associated with any travel expenses should be coded under object code 6499. Example: webinar fees. Awards, incentives, should be coded under object code 6499.

Object code 6395 should be used when ordering equipment such as furniture, technology equipment, cameras, lap tops, microscopes, etc. (items that are not consumables and have a useful life of more than one year) and cost more than \$500, but less than \$5,000.

Object code 6639 is designated for expenditures for all equipment, furniture, technology equipment and capital outlay items having a per-unit cost of \$5,000 or more and a useful life of more than one year.

W-9 information must be on file in the Purchasing Department from prospective vendors before requisitions may be submitted. Contact the Purchasing Department for vendor change of address.

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Business Services maintains a WEB page with valuable information including this district forms and manuals. The WEB page may be reached by entering the following: (<http://www.duncanvilleisd.org>)

Be specific when describing your request (requisitions). "Supplies" is not specific enough to know if the requisition should be coded under Function 11 (instruction), 23(principal), 12(library) etc.

1. Example: Instructional manipulatives used in teaching unit on fractions.

## Buy America Act

The Federal Government under the Federal Acquisition Regulations (FAR) states that "The grantee (DISD) certifies that it is in compliance with the Buy America Act in that each end product purchased under any federally funded supply (i.e. Title I/Stimulus funds) contract exceeding \$2,500 is considered to have been substantially produced or manufactured in the United States. End products exempt from this requirement are those for which the cost would be unreasonable, products manufactured in the United States that are not of satisfactory quality, or products for which the agency head determines that domestic preference would be inconsistent with the public interest. The grantee also certifies that documentation will be maintained that documents compliance with this requirement. [FAR 25.1-.2]

## DISBURSEMENTS

### Payments to individuals

Employees performing services associated with the school district (athletic games, tutoring, etc.) must be paid through the payroll system as Supplemental Pay on an Add/Change/Delete or Extra Help Form, not with a purchase order.

Contractor/Vendor performing a service must have an approved Contract/Agreement, present an invoice and be paid with a purchase order. (Ex: professional services, repair, accompanist, etc.)

All vendors must have a W-9 form on file before payment is rendered, required by Section 6041 of the Internal Revenue Code.

### Reimbursements

All receipts must be itemized, receipts listing only the total and credit card slips are not acceptable.

A copy of a check is not acceptable documentation for reimbursement.

Mileage will be paid according to State and Federal guidelines and limited to the State rate. Mileage will originate from the employee's duty posted within Duncanville. Ride sharing is expected, if employees choose not to ride share reimbursement will only be made one-way rather than round-trip. A printed MapQuest map documenting the most cost-effective reasonably safe route between duty points must be included with all requests for mileage for locations not included on the district's mileage matrix.

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Reimbursement requests from employees for payment to a contractor for services rendered will be denied. All services must be paid directly to the service provider on a district issued check.

Sales tax will not be reimbursed, except tax on individual meals incurred during the course of travel and included in the employee's per diem. Group meals for students are not taxable.

Expenses for alcoholic beverages are not reimbursable from any funding source of the school district.

## **Refunds**

Refunds (lost textbooks, summer school, field trips...) will be issued on a district issued check with proper documentation: copy of student receipt and copy of deposit control sheet for the deposit including the payment to be refunded.

## **Professional Memberships**

Professional society and association memberships often come in two options, when the option is available the following procedure will apply:

Individual membership – stays with the individual and must be paid by the individual not the district.

Institutional membership – stays with the district and may be paid by the district.

## **Registrations and Entry Fees**

Requests for payment of registration or entry fees for Workshops, Conferences or Seminars must include a copy of the completed registration form, approved Request for Professional Development/Travel (Part A) and any other documentation necessary to substantiate the registration or entry fee amount requested. (In state must be approved by principal/director and out of state must be approved by superintendent.)

A list of participants for which a fee is being requested must accompany all requests.

The inclusion of banquet, tour, or special event fees must be justified as part of the request for payment.

Request should be submitted timely as to avoid the payment of late registration fees by the district.

## **Cash Advance Requests**

Cash advance requests are not permitted.

## Gift Cards

### Supplies

Gift cards purchased for express purpose of buying supplies or making other “spot” purchases are not allowed. An “OPEN/Blanket PO” to the vendor or vendors is the appropriate procedure.

## Flowers

### Allowable

Flowers purchased for decorations at an event (Ex: graduation, retirement reception, Baccalaureate)

Flowers purchased by the superintendent or the board

Principals, Directors, Administrators may at his/her discretion use funds from the department/campus/principal’s activity account (865) to purchase flowers in the event of a department/campus employee’s or campus student’s death.

At no time should club activity funds or budgeted monies be used for this purpose. Specific requirements are listed below:

- Must be death of a campus employee or campus student (expenditures for spouses, children, siblings, parents or other relatives or any other purpose shall be paid out of social funds)
- Must be limited to purchases of flowers, plants or other similar expression of sympathy
- Purchase should be limited to \$50

### Sunshine Committee/Benevolence/Social Funds

It is the District Administration’s responsibility to see that we protect all staff from potential legal liability regarding the handling of funds.

In the matter of the Sunshine Committee, the collection of monies is done during the campus employee contracted time and the funds are expended as representing your campus; therefore, it must be handled through the activity fund account.

All expenditures for hospitality, condolence, or any other purpose for the sole benefit of the school personnel shall be paid out of social funds. Sunshine Funds, Flower Funds, Hospitality Funds, etc. are defined as social funds generated or contributed solely by school personnel to be utilized and expended at the school’s discretion.

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## **Meals/Snacks**

To qualify as a business meal, the district must substantiate the identity of the participants and the business purpose of the discussion. An employee dining alone cannot have a business meal; multiple participants are required. This restriction creates a recordkeeping burden on the school and will require that a sign in sheet and agenda be submitted to business services within 3 days of the event (non-traveling meals).

Example: A working lunch for participants who are cloistered in an all-day (at least six hours) meeting or training sessions. A working lunch is defined as an activity in which staff or participants are engaged in exercises/activities during the normal meal time as stated on an agenda and in which no other opportunity for a meal is provided. The agenda must be maintained that clearly identifies the exercise or activity that the participants are engaged in and should retain a representative sample of the work product.

Snacks are allowable within reason when they support the educational process of the school. Snacks for test days would be an example of supporting the educational process. General funds may be used for this purpose.

Examples of snacks: granola bars, yogurt, chips, juice, drinks, fruit, etc.

Duncanville does not allow food costs from Grant Funds.

Campuses/Departments are limited to providing 3 meals per fiscal year for staff. Meal cost may not exceed the current year Duncanville ISD per diem amount per employee. Meal cost is meant to be an inclusive term identifying food cost, beverages, paper goods, gratuities, delivery, set up, décor and any other related fee. A snack for employees is allowed only when presented as refreshments served at a faculty meeting, not as an incentive or treat. The limit is \$1 per person, per month.

## **Apparel**

Campuses/Departments are limited to one apparel item per fiscal year. Apparel cost is limited to \$10 per staff employee and is all inclusive of delivery, set up, design, and any other related fee. Departments needing uniforms for identification purposes are limited to two dress type, collared shirts per year, not to exceed \$50 per employee. Auxiliary departments requiring everyday uniforms are exempt from this requirement. Exceptions to this procedure may be granted in writing by the Superintendent.

## **Field Trip Transportation**

If a limo or bus is used to transport students, other than the District school buses, the campus/organization must request that the owner provide the District with a Certificate of Insurance naming the District as an additional insured. This form must be sent to business services to be attached to the vendor record. A new Certificate of Insurance must be provided when the insurance expires. If the company is not willing to make the District an additional insured, then the campus/organization cannot use that company to transport students.

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The following ADMINISTRATIVE ACTION may be applied for failure to comply with District Financial Policies and Procedures:

1. Modification of campus/department approval process.
2. Reflection in employee's appraisal.
3. Employee's purchasing rights are revoked.
4. Administrative disciplinary actions for violating Duncanville Board Policy CH (LEGAL & LOCAL), procedures, and guidelines related to financial procedures.
5. Termination.

## Glossary of Terms

**Requisition** - an electronic request created by the Skyward system for allowable expenditures.

**Purchase Order (PO)** -the signed written acceptance of the requested requisition. A PO serves as the legal and binding contract between the District and vendor.

**OPEN/Blanket Purchase Order (PO)** – refers to a PO that is issued to cover a certain period of time (month, semester, year, etc.).

**Open Purchase Order (PO)** – refers to a PO, in which item or items that have been partially received and paid or that is completed, but not officially closed.

**Quote** – a specific determination of the cost, timing, description and terms associated with a projected good or service to be provided by a supplier to the campus/department.

**Invoice** - a commercial document issued by a seller to the campus/department, indicating the products, quantities, and agreed prices for products or services the seller has provided the buyer.

**Packing/Shipping slip** - is a document that accompanies delivered packages, usually inside an attached shipping pouch or inside the package itself. It commonly includes an itemized detail of the package contents and does not include customer pricing. It serves to inform all parties, including transport agencies, government authorities, and customers, about the contents of the package.

### Employee vs. Independent Contractor

#### Common Law Rules

Facts that provide evidence of the degree of control and independence fall into three categories:

1. Behavioral: Does the company control or have the right to control what the worker does and how the worker does his or her job?
2. Financial: Are the business aspects of the worker’s job controlled by the payer? (These include things like how worker is paid, whether expenses are reimbursed, who provides tools/supplies, etc.)
3. Type of Relationship: Are there written contracts or employee type benefits (i.e. pension plan, insurance, vacation pay, etc.)? Will the relationship continue and is the work performed a key aspect of the business?

Businesses must weigh all these factors when determining whether a worker is an employee or independent contractor. Some factors may indicate that the worker is an employee, while other factors indicate that the worker is an independent contractor. There is no “magic” or set number of factors that “makes” the worker an employee or an independent contractor, and no one factor stands alone in making this determination. Also, factors which are relevant in one situation may not be relevant in another.

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The keys are to look at the entire relationship, consider the degree or extent of the right to direct and control, and finally, to document each of the factors used in coming up with the determination.

### **Independent Contractor**

The general rule is that an individual is an independent contractor if you, the person for whom the services are performed, have the right to control or direct only the result of the work and not the means and methods of accomplishing the result. The IRS 20-factor, right-to-control test is used to assess an employer's classification of whether a person is an employee or independent contractor, in addition to considering the degree of control the employer exercises, it takes into account the degree to which the workers are economically dependent on the business.

### **Employee (Common-Law Employee)**

Under common-law rules, anyone who performs services for you is your employee if you can control what will be done and how it will be done. This is so even when you give the employee freedom of action. What matters is that you have the right to control the details of how the services are performed.

# Duncanville ISD Administrative Guidelines Travel

Duncanville ISD Travel Policy follows State, Federal guidelines. Texas Education Code requires School Districts in the State of Texas to limit travel reimbursements to the State Rate.

Duncanville ISD will reimburse its employees for reasonable, allowable expenses incurred in carrying out authorized District activities that have **prior approval** of the employee's immediate supervisor. **(Please see the Request for Professional Development/Travel - Form A/Form B)**

A requisition or expense reimbursement is required to be processed for each "line-item" on the Form A.

All reimbursement requests must be submitted using the proper District forms that can be found on the Business Services website, under Forms and Documents on the left hand side.

Charges incurred from cancellation or no-shows are the responsibility of the employee and **NOT** the District. (including hotels, registrations, airfare, car rental, etc.)

**SEE THE FOLLOWING PAGES FOR:**  
**ALLOWANCES, LIMITS, INCLUSIONS & EXCLUSIONS**  
**TRAVEL REIMBURSEMENT PROCEDURES**

ALLOWANCES, LIMITS, INCLUSIONS & EXCLUSIONS:

<p><b>EMPLOYEE MEALS AND INCIDENTAL EXPENSES:</b></p>	<p><b>\$45.00 PER OVERNIGHT DAY PER DIEM (a maximum of the approved State rate)</b></p> <p><b>Receipts are not required for locally funded travel. Travel funded by all other sources, including grants requires itemized receipts. Credit card receipts are not acceptable.</b></p> <p>To be eligible for meal <b>Per Diem</b> the employee must adhere to the following guidelines:</p> <p>The first and the last day of travel is calculated at 75% (\$33.75).</p> <p>Only meals for overnight travel will be reimbursed. Meal(s) provided by the conference or hotel will need to be deducted from the per diem for the day:</p> <p><b><u>Per Diem</u></b>          \$ 8.00 Breakfast          \$ 12.00 Lunch          \$ 25.00 Dinner</p> <p><b>Per Diem must cover meal, gratuity &amp; sales tax.</b></p>
<p><b>MILEAGE: (Intra-District)</b></p>	<p><b>54 CENTS PER MILE – PER DISTRICT MILEAGE MATRIX (found on website) WHEN APPLICABLE, OTHERWISE USE ACTUAL MILEAGE FROM an Electronic Mapping Source.</b></p> <p>Intra-District mileage, with the use of an employee’s personal vehicle, will be reimbursed with the approval of the employee’s immediate supervisor. This mileage <b><u>MUST</u></b> be submitted monthly on the “Intra-District Mileage Reimbursement Form”, unless employee receives a mileage stipend.</p>

<p><b>MILEAGE: (includes Education Service Centers Region 10 and Region 11, unless employee receives a mileage stipend.)</b></p> <p>Detailed documentation of school business trip is required for reimbursement.</p>	<p><b>54 CENTS PER MILE – PER STATE MILEAGE REIMBURSEMENT RATE</b>  <a href="https://fm.xcpa.state.tx.us/fm/travel/travelrates.php">https://fm.xcpa.state.tx.us/fm/travel/travelrates.php</a></p> <p>Use of an employee’s personal vehicle on official school business will be reimbursed with the approval of the employee’s immediate supervisor. Mileage will originate from your campus/department address to the Conference/Workshop destination and back to your campus/department address. An electronic mapping source (such as <a href="http://www.Mapquest.com">www.Mapquest.com</a>) printout must be submitted using the most direct route from your campus/department address for round trip, maps will not be doubled.</p> <p><b>IF MORE THAN ONE DISTRICT EMPLOYEE IS ATTENDING THE SAME CONFERENCE OR WORKSHOP, TRANSPORTATION SHOULD BE SHARED WHENEVER POSSIBLE AND IS EXPECTED.</b></p>
<p><b>TEXAS SALES TAX: (EXEMPT)</b></p>	<p><b>DISD IS STATE SALES TAX EXEMPT.</b>  Employees will not be reimbursed for State Sales Tax.</p>
<p><b>VEHICLE RENTALS:</b>  Available only if not greater than mileage reimbursement.</p>	<p>DISD has an account with Enterprise Rent-a-Car. Call and get a daily rate and process a PO. When receiving the PO number call Enterprise Rent-A-Car with the number to place the request along with the District account number.  Attach rental agreement to PO.</p>
<p><b>DISTRICT VEHICLE USAGE:</b></p>	<p>Check out the District Vans and Buses from Brad Hamrick (ext. 7015). A District gasoline credit card should be checked out using the “GAS CREDIT CARD CHECK-OUT FORM” when checking out a District Vehicle.</p>
<p><b>PARKING &amp; GROUND TRANSPORTATION:</b></p>	<p>DISD will reimburse for taxi, shuttle, toll and parking with original receipts. Valet parking will require an explanation &amp; approval of the employee’s immediate supervisor.</p>
<p><b>REGISTRATION FEES:</b></p>	<p>Conference/workshop registrations should be processed in advance with approval on Form A from employee’s supervisor and must accompany the purchase order. A completed registration form or information about the conference must be submitted for purchase order approval. Please pay close</p>

	<p>attention to deadlines. Reimbursement for registration requires an original receipt. DISD does not reimburse for optional items on the registration form, such as tours, insurance, etc. Attach Proof of Attendance in Skyward to the PO after attending conference.</p>
<p><b>LODGING:</b>  When more than one District employee is attending a conference or workshop, hotel accommodations should be shared. This applies to persons of the same sex.  If employee chooses not to share a room then the District will reimburse only the GSA rate + city occupancy tax per night for single occupancy.  If reservations are not cancelled according to the hotels cancellation policy then the employee will pay the fee.</p>	<p><b>DISD PAYS UP TO the GSA rate PLUS CITY OCCUPANCY TAX. (STATE TAX WILL NOT BE REIMBURSED)</b></p> <p><a href="http://www.gsa.gov/portal/category/21287">http://www.gsa.gov/portal/category/21287</a></p> <p><b>Lodging will be allowed for over a 75 mile radius (150 mile round trip) from the employees campus/dept. address.</b></p> <p>A Purchase Order to the hotel, showing nightly room rate and city/occupancy tax for the number of nights needed, should be done in advance. Form A must accompany the purchase order. A hotel state tax exempt form will be given with the check. An actual itemized hotel receipt must accompany a request for reimbursement.</p>
<p><b>AIRFARE:</b>  If airfare is changed, then the employee will pay the fee unless approved by employee's immediate supervisor.</p>	<p><b><u>GUIDELINES:</u></b></p> <ol style="list-style-type: none"> <li>1. Prior approval is required on Form A.</li> <li>2. Use Travel Agents of Duncanville.</li> <li>3. Purchase lowest available airfare.</li> <li>4. Confirm the purchase with District credit card.</li> <li>5. Reimbursement requires original airline receipt.</li> </ol>
<p><b>RECEIPTS:</b></p>	<p><b>RECEIPTS ARE REQUIRED FOR ALL REIMBURSABLE EXPENSES EXCLUDING PER DIEM OR MILEAGE. NON- LOCALLY FUNDED (GRANT) MAY NOT BE PAID PER DIEM; RECEIPTS ARE REQUIRED.</b></p> <p>Receipts must be attached to Form B, and then attached to the Expense Reimbursement in Skyward.</p>
<p><b>NON-REIMBURSABLE EXPENSES:</b></p>	<p><b>DISD WILL NOT REIMBURSE FOR EXPENSES NOT DIRECTLY RELATED TO THE PURPOSE OF THE BUSINESS TRIP.</b></p> <p><b><u>EXAMPLES:</u></b>  Tours or other entertainment  Personal telephone calls</p>

	Hotel room movie rentals Alcoholic beverages Internet charges Expenses incurred for a spouse
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**COMPLETING THE EXPENSE REIMBURSEMENT REQUEST ON SKYWARD:**

Fill out the request completely include departure & return dates. Purpose for reimbursement should include conference city and conference name. Attach original receipts to the request, please label receipts. All expense reimbursements are to be turned in 10 working days after the conference.

Please adhere to the Business Office Pay Schedule for processing any reimbursements. Checks are processed weekly.



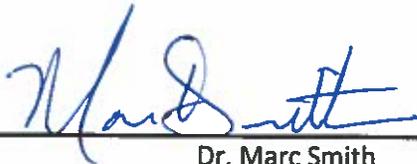
## Federal and State Programs Guidelines and Procedures

In accordance with Duncanville ISD School District's board policy, BP Local, the Superintendent and administrative staff shall be responsible for developing and enforcing procedures for the operation of the District. These procedures shall constitute the administrative regulations of the District and shall consist of guidelines, handbooks, manuals, forms, and any other documents defining standard operating procedures.

The Superintendent or designee shall ensure that administrative regulations are kept up to date and are consistent with Board policy. The Superintendent or designee shall resolve any discrepancies among conflicting administrative regulations. In case of conflict between administrative regulations and policy, policy shall prevail.

Administrative regulations are subject to Board review but shall not be adopted by the Board.

I, Dr. Marc Smith, Superintendent of Duncanville ISD, approve of the Duncanville ISD Federal and State Programs Guidelines and Procedure Manual.

  
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Dr. Marc Smith

  
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Date