

LAKE WORTH ISD



State & Federal Programs Financial Management Manual

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General Information

The district has established fiscal procedures that apply to all financial transactions regardless of the funding source. **Procedures that relate directly and/or indirectly to federal and state grant compliance are indicated with a (†).** A separate section in this Manual will include specific procedures related to acquiring, expending, and managing grant funds.

In accordance with School 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 this State and Federal Programs Financial Mgmt Manual is kept up to date and is consistent with Board policy. Administrative regulations [procedures] are subject to Board review but shall not be adopted by the Board. [[Board Policy BP Local](#)]

All **district forms/exhibits** are denoted with **blue highlighted text** and all written, detailed **procedures** are denoted with **green highlighted text**.

Mission Statement

The Mission of the Lake Worth Independent School District Business Services Department is to provide superior business operations, allowing us to meet the educational fiscal needs of every educator and student in the district.

The primary goal of the Business Services Department is to protect the assets of the district and to ensure that all financial transactions are performed in accordance with generally accepted accounting practices.

Business Department Staff

The Business Department staff shall perform multiple roles; however, adequate internal controls and separation of duties shall be maintained at all times regardless of the size of the business department staff. The staff consists of:

Assistant Superintendent of Finance: Jaclyn West

Administrative Assistant - Finance: Helen Duong

Federal and State Programs Coordinator: Sherry Dickens

Business Manager: Michelle Gregory

Purchasing Specialist: Heather West

Accounts Payable Specialist: Maricela [Marci] Munoz

Director of Human Resources: Joel [Brent] McClain

HR/Payroll Manager: Shelley Miller

Payroll Specialist: Dayna Talbot

Benefits Specialist: LaRonda [Renee] Deleon

Human Resources Specialist: Karen Shelfer

PEIMS Director: Naomi Davis

PEIMS Coordinator: Shawnda Dix

PEIMS Specialist: Dixie Hemby

All Lake Worth ISD staff are expected to comply with the:

- **Code of Ethics and Standard Practices for Texas Educators** [[Board Policy DH \(Exhibit\)](#)],
- **School Board Policies, especially CAA Local regarding fraud,**
- **Lake Worth ISD Employee Handbook including Confidentiality and Technology Responsible Use Guidelines, and**
- **Lake Worth ISD State and Federal Programs Financial Mgmt Manual, sub-manuals and procedures.**

Each staff member shall have an up-to-date job description on file in the Human Resources department. In addition, each staff member should receive and sign a job description and corresponding evaluation instrument during the annual evaluation process. Changes to job descriptions should be made when substantial changes occur in job duties or responsibilities.

General Ledger Maintenance (†)

General ledger entries shall be made on an on-going basis as needed. End-of-the-month and end-of-the-year entries shall be made on a timely basis. End-of-the-year entries shall be made prior to the audit field work by the district's external audit firm.

The Assistant Superintendent of Finance and Business Manager shall be responsible for monitoring the general ledger maintenance on a monthly basis as part of the monthly End-of-Month Process. The Assistant Superintendent of Finance shall have ultimate responsibility for the accuracy of the general ledger. The general ledger shall be reviewed for accuracy in areas such as, but not limited to the following:

- Cash and investment balances equal the respective bank or investment monthly statements
- Aged purchase orders, receivables and payables
- Verify that fund accounts are in balance
- Verify that bank account reconciling items are posted to the general ledger

Journal Entries (†)

All general ledger entries shall be in balance (debits shall equal credits). A **Journal Voucher** form shall be used to document all entries. All journal entries shall be numbered for tracking purposes. All of the aforementioned business staff, except Human Resources, shall be authorized to create journal entries. The Assistant Superintendent of Finance and Business Manager shall be authorized to approve journal entries.

All payroll general journals shall be interfaced to the finance system by the payroll department. The payroll department shall verify that the pre-post payroll general journals and the finance payroll general journals are in balance and posted accurately to the general ledger. All payroll general journals must be posted to the finance general ledger no later than the actual pay date.

All changes to the general ledger should be posted within the same month as the changes occurred, if possible, or as soon as practicable. At times, prior to closing the month, additional reconciling journal entries may be posted in accordance with the creation and approval guidelines.

School Board Financial Reports for the previous month should be generated and forwarded to the Office of the Superintendent for board review.

All reports should be filed for audit purposes including, but not limited to, the following:

- Cash Receipts Records
- General Journal
- Check Payments & Check Register
- Detail General Ledger
- Summary General Ledger

The Assistant Superintendent of Finance and Business Manager shall review Financial Reports on a monthly basis to ensure the accuracy of fund accounting.

Data Entry and Validation (†)

All data entry shall be from the appropriate source document(s). All data entry shall be validated (verified) with the source documents. A system of checks and balances shall be in place to ensure that all postings to the general ledger result in the desired outcome. For example, Cash Receipts Records are entered using the original deposit documentation and validated against the bank deposit records.

General Ledger Transaction (Minimum Data Required) – (†)

All general ledger financial transactions shall require the following minimum data:

- **Date of the general ledger transaction** – the date of the transaction should be within the posting month and within the posting fiscal year.
- **Account code(s)** – the proper account code shall be used for all transactions
- **Journal [transaction] number** – the number assigned should be manually or automatically assigned in a sequential order. A log of the journal numbers utilized each fiscal year should be available in a manual or automated form. Automated, system-generated general ledger entries shall be easily distinguished from manual general ledger entries.
- **The credit and debit amounts**– the total debits must match the total credits
- **Reason for the general ledger transaction** – the reason should explain the reason for the transaction such as cash receipt number, adjustment to budget/expense, etc.

- **Supporting document** – supporting documentation, if any, shall be attached to the journal entry form for audit tracking purposes
- **Signature or initials, as appropriate**
 - Signature or initials of the appropriate approval(s)
 - Signature or initials of the individual posting the transaction.

All general ledger payroll transactions shall require the following minimum data:

- **Check date** – the system-generated general ledger transaction should reflect the check date as part of the journal entry number
- **Account code(s)** – the account codes charged for all payroll disbursements, including liability accounts, should exist in the general ledger prior to posting the system-generated journal entries. [Note: During the payroll posting process, the payroll department must verify that all payroll accounts exist on the general ledger. If accounts do not exist on the general ledger, the accounts should be verified for accuracy and if accurate, the list of account codes must be submitted to the HR/Benefits Manager or Business Manager to ensure that the appropriate accounts are created in the finance system.

End of Month Process

Within 15 days after the end of the month, all end-of-month reports should be printed and verified and the end-of-month process completed. There are four (4) steps in completing the End-of-Month process as listed below:

- Reconciliation of all bank accounts
- EOM Activities (Report Generation & Verification)
- Run EOM Reports (archival purposes)
- Process the EOM Close

The Business Services EOM Checklist should be utilized to ensure that all critical steps are followed during the EOM Process.

End of Fiscal Year Process

All changes to the general ledger should be posted within the same month as the changes occurred, if possible, or as soon as practicable. Within 30 days after the fiscal year, all end-of-fiscal year reports should be printed and/or maintained electronically for audit purposes.

All end-of-fiscal year adjustments should be posted to the general ledger prior to closing out the fiscal year. Prior to the start of the audit field work, the following adjustments shall be posted to the general ledger:

- **Reconcile all cash and investment accounts** – all cash and investment accounts shall match the corresponding bank or investment general ledger balances as of August 31st, as reflected on the respective monthly statement.
- **Reconcile all revenue accounts with amounts received and/or earned as of August 31st** – All measurable revenue should be posted to the general ledger. For example, all state aid

earned as of the most recent Summary of Finance report from TEA shall be posted to the appropriate state revenue accounts.

- **Reconcile all state and federal grant revenue and expenditures** – the revenue and expenditures in every grant program (state and federal) should equal. The excess revenue if any should be reclassified to a payable to the granting agency, unless the excess revenue is an advance payment. If expenditures exceed revenue, the amount due from the granting agency should be posted to the revenue account and accounts receivable accounts.
- **Reconcile the final amended budget** – verify that all budget amendments (at the functional level) have been posted to the general ledger. The sum of the original budget, plus all budget amendments during the fiscal year shall equal the final amended budget.
- **Reconcile and post all accounts receivables** – all funds due from other sources, as of August 31st, shall be posted to the general ledger. The other receivables shall be measurable and expected to be received within 60 days after the end of the fiscal year in accordance with the district's accounting standards.
- **Reconcile and post all accounts payables** – all payables due to others (such as vendors), as of August 31st, shall be posted to the general ledger. The amounts due for all goods and/or services received as of August 31st are classified as accounts payable and paid during the next fiscal year. The district has established a September 30th cut-off for prior year accounts payables.
- **Reconcile all accrued wages and benefits as of August 31st** – All accrued wages and benefits shall be posted to the general ledger, especially for all wages earned in August but scheduled to be paid in the next fiscal year (after September 1st).
- **Reconcile all TRS deductions and payments as of August 31st** – All TRS employee and employer deductions and expenses shall be posted to the general ledger and paid to TRS before the end of the fiscal year. Any funds remaining in object code 2155 shall be reconciled to identify under and/or overpayments to the TRS.
- **Reconcile all mandatory and voluntary deductions as of August 31st** – All mandatory (Medicare, withholding tax, and garnishments) and voluntary deductions (insurance and other benefits) shall be posted to the general ledger and disbursed as required by law. Any remaining funds in object code 2159 shall be reconciled at year end.
- **Reconcile all Due To and Due From accounts as of August 31st** – All Due To and Due From accounts shall be in balance throughout the year and at the end of the fiscal year. (object codes 217X and 126X).
- **Reconcile all prepaid expenses as of August 31st** – All prepaid expenses shall be posted to the general ledger to object code 1410. A prepaid expense is typically one that represents a disbursement of funds (payment) for goods or services that will be received or utilized in the next fiscal year. For example, a maintenance agreement that has a term of January 1st through December 31st, would have an expense for 6 months in the current fiscal and a prepaid expense of 6 months at the end of the fiscal year. [Note. The prepaid expenses should be cleared in the next fiscal year by posting the expense to the appropriate expense account code(s).
- **Reconcile the fixed assets ledger with all fixed asset additions, deletions, or changes** – All assets acquired during the fiscal year shall be added to the fixed asset ledger (database and/or Excel spreadsheet). Capital assets shall be recorded in object code 663X. All assets disposed of (sold or lost) shall be removed from the fixed asset ledger.
- **Reconcile the fund balance as of August 31st** – All changes, reductions, additions, and/or designations [restricted, committed, assigned, etc.] of fund balance accounts shall be posted to the general ledger. All budgetary fund balance accounts (object code 3700) shall be

posted to the appropriate fund balance account (typically object code 3600). [Note. Changes to the budgeted and committed fund balances should be supported by minutes of Board approval. The Superintendent and Assistant Superintendent of Finance are authorized by the School Board to assign fund balances.]

Segregation of Duties (†)

At a minimum, the business services staff shall operate under a segregation of duties, including but not limited to, the following:

- **Endorsement of checks** – The same staff member shall not prepare and endorse accounts payable or payroll checks.
- **Bank reconciliations** – The same staff member shall not prepare cash disbursements, cash deposits, or other cash transactions and reconcile the district's bank accounts.
- **Maintain non-cash accounting records** – The same staff member shall not prepare non-cash general ledger transactions and post the transactions to the general ledger.
- **Purchasing and Receiving functions** – The same staff member shall not serve as the final approver of a purchase order and verify receipt of the goods.
- **Contract Management** – The same staff member shall not approve a contract for goods or services and have sole approval authority to disburse the payment for the contracted goods or services.
- **General Ledger Maintenance** – The same staff member shall not prepare, approve and post a general ledger transaction, unless a specific exception exists in the district procedures.

Retention of Records (†)

All financial records for the current fiscal year shall be retained for audit purposes in accordance with the district Local Records Retention Schedule at the district's administration building. Destruction of records, at the expiration of the records, shall also be in accordance with the district's Local Records Retention Schedule. Note: The Destruction Schedule [list of all records destroyed] is a permanent document.

Unless a record that has been destroyed is specifically listed on a Destruction Schedule, it is presumed to still exist. The local retention period or federal retention period, whichever is longer, shall prevail.

Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient. [2 CFR 200.333]

The district shall maintain grant-related records in a combination of paper and electronic formats. The following records shall be maintained in format(s) specified below:

- Grant applications and grant award notifications (Paper and/or PDF files)
- Grant revenues and expenditures (Skyward Finance System)
- Grant purchasing records (Skyward Finance systems, paper and/or PDF)
- Grant expenditure draw-downs (reimbursements) – (Paper and/or PDF)

In accordance with federal regulations, the district shall maintain the grant-related records in an open and machine-readable format. Specifically, the district shall use the following formats to store electronic data. [2CFR 200.335]

- Microsoft products such as Word, Excel, Access, etc.
- Adobe .PDF
- Skyward Financial Management System

The Records Custodian for the financial records of the district is the Superintendent. All questions related to the retention, destruction, and/or addition of new record series shall be directed to the District Communications & Web Coordinator.

Data System Security & Access to Records (†)

The business department staff handles and/or processes a substantial amount of confidential information. All staff is strictly prohibited from revealing confidential information to an unauthorized individual. Unless required by Federal, state, and local statute, the district is not required to permit public access to their records. The district shall make all grant-related records available for access to the federal granting agency and/or pass-through entity upon request. [2 CFR 200.336]

On an annual basis and as part of the new hire training, business department staff review the confidentiality requirements of their position. Among the most critical information is documentation related to employee's Personally-Identifiable Information (PII) such as health, benefits, financial, family members, or other personal information. [2CFR 200.337] Violators will be subject to discipline, employment termination, and/or may be reported to the appropriate legal authorities. Violations of some protected information, such as health or medical information, is also protected by federal laws, such as HIPPA.

Unless notified otherwise by the federal granting agency, the district shall retain all financial and program records related to the grant award in accordance with the federal grant. Upon request from the federal granting agency, the district shall transfer the records to the requesting federal agency. [2 CFR 200.334]

The business services staff shall be authorized to access the district's financial and/or payroll system(s) for job-related purposes only. Use of the systems for personal reasons or benefit will result in disciplinary action, up to and including employment termination.

Each staff member shall take appropriate steps to ensure that their respective computer system is managed in a controlled environment to prevent unauthorized access. At no time (including lunch breaks) shall a computer system be logged on to a financial data system while unattended by the respective staff member. All computer systems shall revert to a screen lock after 10 minutes of nonuse.

Assignment of Access and Passwords (†)

Access to data systems shall be based on the specific job duties and responsibilities of each staff member. Except for limited exceptions, staff will not be given unilateral access to all modules in the financial and payroll system. These restrictions to unilateral access are designed to prevent complete autonomy which could lead to fraud.

Each staff member shall be responsible for securing their assigned (selected) password. At no time shall passwords be shared with others or posted in visible locations within the staff member's work space. Violators of this restriction shall be subject to disciplinary action, including but not limited to employment termination.

Data system access to the authorized modules, shall be determined by the Director of Technology or designee [network] and the Assistant Superintendent of Finance or designee [Skyward]. Each staff member shall have access to their respective database(s) and tabs within a database based on their position. Security roles will be established and assigned with the specific access to each module. In the event that a staff member gains access, due to human or software error, that he/she is not entitled to, it is the responsibility and duty of the staff member to notify the Director of Technology or the Assistant Superintendent of Finance, regarding the ability to access the restricted database or module(s).

Revoking Access (†)

Access to data systems are subject to change and/or revocation when changes occur to a staff member's position, duties or responsibilities. Access to data systems are also subject to revocation when a staff member violates the Responsible Use Guidelines. As part of the annual Employee Handbook issuance, the Responsible Use Guidelines are updated and employees are required to acknowledge the new guidelines.

Business Staff Training (†)

In an effort to support compliance of fiscal policies and procedures, the business services department shall conduct annual training for campus and department administrative and support staff, as appropriate. An annual training calendar shall be developed that may include, but is not limited to, topics in the following areas:

- Account coding
- Payroll and Human Resources Compliance Issues
- PEIMS Data Reporting and Quality
- GASB
- Audit requirements
- Legal changes, such as Purchasing
- State and Federal Grants Management
- Data system (software)
- Travel Guidelines
- Other job-related area(s) requested by a staff member
- Other job-related area(s) assigned by the administrator and/or Human Resources as a growth opportunity

State and Federal Grant Management (†)

The Department of Contracts, Grants and Financial Administration (CGFA) at the Texas Education Agency is responsible for overseeing all phases of federal and state contracts and grants awarded to TEA grantees, including independent school districts, or LEAs. The department houses the following divisions:

- Grants Administration Division
 - Provides centralized administration of all formula and discretionary state-appropriated funds and federal grant funds awarded to TEA.
- Federal Fiscal Compliance and Reporting Division
 - Oversees activities of federal grant programs to determine whether organizations are in compliance with fiscal requirements to ensure that grant recipients spend funds in the manner specified by the grant program.
- Federal Fiscal Monitoring Division
 - Monitors the expenditures of federal grant recipients to ensure federal funds are used for authorized purposes in compliance with federal statutes, regulations, and terms and conditions of the federal awards.

Compliance with all federal and state grant requirements is essential to ensure that all granted funds remain with the district. Failure to comply with grant requirements may result in denial of reimbursement requests and/or requests from the granting agency to return a portion or in some cases all grant funds. The Texas Education agency acts as the pass-thru entity for many of the United States Department of Education (USDE) federal grants.

[TEA Grant Opportunities](#) are posted on the TEA webpage to provide administrative guidance, timelines, due dates, program-specific guidelines, use of funds, and many more resources.

Federal Regulations for Federal Grant Awards

All federal grant funds are subject to the compliance with Administrative (EDGAR) and Programmatic (ESSA, IDEA, etc.) regulations for each federal grant award.

Title 34 of the Code of Federal Regulations (34 CFR), known as the [Education Department General Administrative Regulations \(EDGAR\)](#), pertains to TEA grants. For a complete description of the federal regulations that apply to federal education grant awards, visit [USDE's EDGAR website](#). Refer to the [EDGAR Materials and Resources](#) page of the TEA website for details on new federal regulations, including their effective/applicability date, purpose, a list of the OMB circulars they replace, and links to related TEA grantee guidance.

For state-administered federal grants, TEA shall notify the district on the Notice of Grant Award (NOGA) of the applicable administrative regulations.

When the district's local policies and/or procedures conflict with the federal regulations, the district shall comply with the more restrictive regulations in all aspects of federal and state grants management.

Overview of the Education Department General Administrative Regulations (EDGAR). The EDGAR, as amended on December 26, 2014, includes six (6) subparts and multiple appendices under 2 CFR Part 200 of EDGAR as noted below:

- Subpart A – Acronyms and Definitions
- Subpart B – General Provisions
- Subpart C – Pre-award Requirements
- Subpart D – Post-award Requirements
- Subpart E – Cost Principles
- Subpart F – Audit Requirements
- Appendices – I through XI

Generally, 2 CFR Part 200 applies to all programs under the Every Student Succeeds Act (ESSA) and may apply to other US Department of Education grants. NOTE. The Title VII (Impact Aid) Program is specifically excluded from 2 CFR Part 200. [Reference: 34 Part 299.2]

The EDGAR in its entirety can be accessed at: [Education Department General Administrative Regulations \(EDGAR\) and Other Applicable Grant Regulations](#).

Technical assistance and interim guidance can be accessed at: [Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards | U.S. Department of Education](#). Interim guidance should be monitored to ensure that additional requirements or flexibilities issued via an OMB Memorandum, but not codified in the EDGAR are known and complied with.

To ensure consistency with the EDGAR, the district shall utilize the acronyms and definitions included in the EDGAR for general terms related to the management of federal grant funds. The [EDGAR Acronyms and Definitions](#) can be found in CFR 200.0 through 200.1, respectively.

Programmatic regulations for each of the district's federal grant awards are hyperlinked in the List of Grant Awards for easy access to the Fiscal Guidelines, Allowable Costs, and/or other programmatic regulations.

At the District level, managing State and Federal Grants shall be a collaborative process between the Finance/Business Services (Accounting, Budgeting, Purchasing, Payroll, etc.), Human Resources, Teaching & Learning (including Special Services) and State & Federal Grants Coordinator Departments. Each respective department shall be responsible for their duties and responsibilities as they relate to the management of state and/or federal grants. The duties of each department are listed below in general terms. Additional, specific duties and responsibilities may be listed within an area of compliance within this Manual.

Finance/Business Services Department

- Assisting the State & Federal Grants Coordinator with budgeting grants funds. Preparing and posting the initial budget and all amendments to the general ledger.
- Assisting the Human Resources, Payroll and Grants departments with determining the payroll distribution code(s) for all grant-funded staff.
- Coordinating with State & Federal Grants Coordinator for preparing all grant-related financial reports (monthly, quarterly and/or annual).
- Coordinating with Human Resources in maintaining all salary schedules to ensure consistency between local and non-local pay rates (Includes base salaries, stipends and extra-duty rates of pay)
- Preparing all financial records for the annual financial audit and single audit, as appropriate.
- Ensuring compliance with the FASRG in coding all payroll and non-payroll expenditures.
- Adjusting the general ledger, as appropriate, after the Payroll Department's reconciliation of the time and effort reports, as appropriate if adjustments are necessary
- Managing the day-to-day cash needs for grant expenditures and drawing-down cash reimbursements, as appropriate
- Managing all purchasing and contractual commitments in compliance with the grant periods and allowable cost principles
- Retaining all financial records for the required length of time (5 years) for audit purposes
- Managing all fixed assets and ensuring compliance with the inventory and disposition federal guidelines

Human Resources Department

- Coordinating with the State & Federal Programs Coordinator with the recruitment and hiring of all grant-funded staff
- Developing and maintaining all salary schedules to ensure consistency between local and non-local pay rates (Includes base salaries, stipends and extra-duty rates of pay)
- Ensuring that all grant-funded staff meet the Highly Effective guidelines, as appropriate (and, all state certification requirements)
- Ensuring that all grant-funded staff have a job description addendum with the grant-related duties and funding. (And, that all grant-funded staff sign a job description and/or addendum on an annual basis)
- Preparing any Highly Effective and/or certification reports as required by ESSA
- Maintaining audit-ready HR employee files for financial audit or single audit purposes, as appropriate
- Coordinating with the State & Federal Programs Coordinator and Payroll Department with determining the position title, Role ID and other salary information for use in completing the grant application
- Retaining all personnel records for the required length of time (5 years) for audit purposes

State & Federal Grants Coordinator or Special Services Department

- Working cooperatively with the campus administrative staff to ensure that all grant activities are collaboratively planned and appropriate to each campus.
- Providing supporting documentation for budgeted grants funds.
- Assisting the Human Resources/Payroll department with determining the payroll distribution code(s) for all grant-funded staff.
- Preparing all grant-related programmatic reports (monthly, quarterly and/or annually).
- Ensuring compliance with the FASRG in coding all payroll and non-payroll expenditures.
- Receiving and monitoring the time and effort reports, as appropriate, and submitting for adjustments, if any, to the Payroll Department
- Monitoring the spending thresholds throughout the grant period to ensure that the grant activities are being conducted systematically throughout the grant period
- Reviewing and approving all purchasing and contractual commitments in compliance with the grant periods and allowable cost principles
- Retaining all application and programmatic grant records for the required length of time (5 years) for audit purposes
- Providing information to the Human Resources/Payroll department regarding the number and type of grant-funded positions approved in the grant application by the granting authority
- Verifying with the HR department that all grant-funded staff meet the Highly Effective Staff federal guidelines, as appropriate (And, all state certification requirements)
- Coordinating with the HR department that all grant-funded staff have a job description addendum with the grant-related duties and funding. (And, that all grant-funded staff sign a job description addendum on an annual basis)
- Coordinating with the HR department and Payroll Department with determining the position title, Role ID and other salary information for use in completing the grant application

Payroll Department

- Maintaining audit-ready payroll employee files for financial audit or single audit purposes, as appropriate
- Coordinating with the State & Federal Programs Coordinator & Human Resources with determining the position title, Role ID and other salary information for use in completing the grant application
- Retaining all payroll records for the required length of time (5 years) for audit purposes
- Assisting the Human Resources & State & Federal Programs Coordinator departments with determining the payroll distribution code(s) for all grant-funded staff.
- Receive and review Time and Effort documentation to compare to payroll distribution records and process submitted adjustments as necessary.

All departments shall provide staff training for their respective staff and other staff, as appropriate, regarding the grant management duties and responsibilities for each staff member.

Part I - State Grants

State Programs – Allotments

The Texas Education Agency's State Funding Division is responsible for administering the [Foundation School Program](#) (FSP) and wealth equalization provisions of the Texas Education Code. In addition to the FSP Basic Allotment, the district receives state program allotments to meet the needs of specific student populations. The special program allotments shall be used to *supplement* the academic needs of students enrolled in a special program.

The FSP has two main components, **operations funding** and **facilities funding**. Each component is tied to the tax efforts of school districts. These components provide funding for school district operations and school facilities. This overview briefly describes the main components of the FSP.

1. The operations funding component of the FSP assists school districts in financing their maintenance and operations (M&O) through the following two formulas:
 - o Tier One of the FSP provides school districts (and open-enrollment charter schools) with a basic level of funding through several allotments, including those for regular basic education, special education (SPED), dyslexia, compensatory education, bilingual education (including dual language programs), career and technology education (CTE), public education grants, early education, college, career, or military readiness, fast growth, small and mid-sized districts, teacher incentives, transportation, and new instructional facilities.
 - o Tier Two of the FSP is intended to supplement the basic funding provided by Tier One. Tier Two guarantees a specific level of funding per student in weighted average daily attendance, or WADA, (to be discussed later) for each penny of tax effort above a school district's maximum Tier One tax rate (also referred to as the state maximum compressed tax rate, or MCR). The funding provided by this additional tax effort is also referred to as enrichment.
2. The facilities funding component of the FSP provides school districts (excluding open-enrollment charter schools) with assistance for debt service related to funding school facilities through the following two programs:
 - o The Instructional Facilities Allotment (IFA) program provides funding to school districts for debt service payments on debt associated with the purchase, construction, renovation, and expansion of instructional facilities. Districts use this funding to make annual debt service payments on qualifying bonds and lease-purchase agreements.

- o The Existing Debt Allotment (EDA) program provides funding to school districts for debt service payments on eligible bonded debt.

State Program allotments are estimated and paid to school districts through a Summary of Finance template created by the Texas Education Agency. The actual state allotments are calculated as noted below in each respective section. A settle-up process occurs at the end of each fiscal year – funds owed to a district are paid by TEA and funds owed by a district are paid to TEA (or TEA reduces the following fiscal year funds by the amount owed to the state).

A percentage of each state allotment must be spent on “direct” expenditures for the given special program. The current (after HB 3) percentages and program intent code (PIC) are noted below by program:

▪ Special Education	55%	PIC 23, 33 PK, 43 Dyslexia
▪ Dyslexia	100%	PIC 37
▪ State Compensatory Education (SCE)	55%	PIC 24-30 (except 25,27), 34 PK
▪ Bilingual/ESL Education	55%	PIC 25, 35 PK
▪ Career & Technical Education	55%	PIC 22
▪ Early Education Allotment	100%	PIC 36
▪ Gifted & Talented Education	100%	PIC 21*
▪ CCMR Outcomes Bonus	55%	PIC 38

*PIC 21 was not a state-funded separate allotment as of HB 3 (2019) but was reinstated in FY 2021-2022 (HB 1525). A TAA issued on 8/26/2021 confirmed that the GT Allotment spend percentage requirement will be at 100%. We should continue to classify GT-related expenses in PIC 21.

**PIC 31 was discontinued with HB 3 (2019), but residual funds (if any) should continue to be coded to PIC 31 until 100% of the High School Allotment has been expensed.

Note. The district does use PIC 30 – all campuses operate a Title I Schoolwide Program.

Budgeting Special Program Allotments

The per-pupil expenditures of federal, state and local funds, including actual personnel expenditures and actual non-personnel expenditures must be in compliance with federal regulations [ESSA and 34 CFR]. As a best practice, the district shall ensure the appropriate program intent code (PIC) and campus/department organization codes are used during the budget and expenditure processes. Expenditures coded to PIC 99 (undistributed) and Organization Code 999 will be distributed by TEA using

a methodology that may include: student enrollment by campus, staff FTEs, square footage of buildings (for functions such as 34, 35, 51, etc.), or other methodology as may be determined by TEA.

During the budget process, the estimated state allotment shall be calculated by the Assistant Superintendent of Finance based on prior year special program enrollment, average daily attendance (ADA), and projected revenue based on the most current Summary of Finance template. The estimated state allotment by special program shall be provided to the Special Program Administrator(s) as noted below. The Special Program Administrator(s) shall be directly responsible for their respective program(s). These special program administrators shall be responsible for the programmatic compliance in their respective program(s). Programmatic compliance shall include, but not limited to: identification of students eligible for a special program; program design; instructional delivery; entry/exit procedures; professional development; certification; and program evaluation.

▪ Special Education	<u>Director of Special Services</u>
▪ Career & Technical Education	<u>Director of Adv. Academics & CCMR</u>
▪ Gifted & Talented Education	<u>Director of Adv. Academics & CCMR</u>
▪ State Compensatory Education (SCE)	<u>Assistant Superintendent of T&L</u>
▪ Bilingual/ESL Education	<u>Director of Curriculum & Instruction</u>
▪ Dyslexia	<u>Director of Special Services</u>
▪ Early Education	<u>Director of Curriculum & Instruction</u>
▪ CCMR Outcomes Bonus	<u>Director of Adv. Academics & CCMR</u>

The finance department, specifically the Assistant Superintendent of Finance, and Federal and State Programs Coordinator shall be responsible for the financial compliance in each of these special programs. Financial compliance shall include, but not limited to: budget development & monitoring; approval of expenditure; financial reporting to TEA; financial audit; calculating per-pupil expenditures by program; budget allocations for compensatory, intensive, and accelerated instruction; student-teacher ratios; and purchasing with state allotment funds.

As part of the budget adoption process, the Assistant Superintendent of Finance shall verify that the proposed budget includes appropriations in each of the special programs of no less than the percentages stated above as required direct expenditures for each special program.

Throughout the fiscal year and at the end of the fiscal year, the Assistant Superintendent of Finance, shall calculate the periodic and final spend percentages for each special program. The allocated expenditures by program intent code (PIC) shall be used to determine compliance. In the event that direct expenditures fall below the mandated percentages, the Assistant Superintendent of Finance shall ensure that the deficit amount is budgeted in the following fiscal year.

Program Intent Codes (PICs) – FASRG

The mandated program intent codes (as defined in the FASRG or recently by TEA) are classified as Basic or Enhanced. The PICs in these classifications for regular and special program allotments are noted below:

- PIC 11 Basic Educational Services
- PIC 21 Gifted & Talented
- PIC 22 Career & Technical Education
- PIC 23 Special Education*
- PIC 24 Accelerated Education (State Compensatory Education)**
- PIC 25 Bilingual and ESL Education***
- PIC 26 Non-Disciplinary Alternative Education Program**
- PIC 28 Disciplinary Alternative Education Program – Basic**
- PIC 29 Disciplinary Alternative Education Program – SCE Supplemental**
- PIC 30 Title I, Part A Schoolwide Activities related to SCE (Campuses with 40% or more educationally disadvantaged students)**
- PIC 31 High School Allotment (discontinued funding 2018-2019)
- PIC 32 Prekindergarten, Regular
- PIC 33 Prekindergarten, Special Education*
- PIC 34 Prekindergarten, State Compensatory**
- PIC 35 Prekindergarten, Bilingual/ESL***
- PIC 36 Early Education Allotment (New in 2019-2020)
- PIC 37 Dyslexia (New in 2019-2020)
- PIC 38 College, Career and Military Readiness (CCMR) – (New in 2019-2020)
- PIC 43 Dyslexia, Special Education (New in 2020-2021)*

*PIC codes used in Special Education mandated spending requirement

**PIC codes used in State Compensatory Education mandated spending requirement

***PIC codes used in Bilingual/ESL mandated spending requirement

If the “intent” of a particular course or program is one of the Enhanced Services, the appropriate PIC shall be used for the expenditures even if an incidental student(s) benefits from the program. For example, the salary of a Bilingual Instructional Aide should be paid 100% from PIC 25, if the intent of his/her position is to support Bilingual students even though 1 or 2 non-Bilingual students also benefit from a small group instructional setting.

Student Special Program Enrollment Reporting (PEIMS)

The special program enrollment shall be reported to TEA through the PEIMS data submissions. Campus principals shall be responsible for developing procedures to identify the entry and exit of students into the state mandated special programs. The procedures shall comply with the Texas Education Code, Chapter 29 for each respective special program. The entry and withdrawal of students in special programs shall be in accordance with the district’s **PEIMS Data Guide**, TEA’s *Student Attendance Accounting Handbook (SAAH)* and the *Texas Student Data Standards (TSDS)*.

Upon enrollment and throughout the school year, the Student Information System (Skyward) shall be used to record student enrollment in each special program. The student enrollment record shall include the entry and exit date(s) for all special programs that generate state funding.

The **PEIMS Annual Timelines** shall be used to ensure that prior to the submission of the Fall, Summer and Extended Year PEIMS Student Data that all students are properly coded in their respective special programs. The campus principals shall review the appropriate TSDS reports prior to all PEIMS Submissions to ensure that the student special program enrollment is accurate and reasonable compared to the historical data.

Staff Full-time Equivalent (FTEs) and Payroll Account Coding

At the beginning of each school year, the salaries of all staff should be determined based on their position and assignment. Specifically:

- What the employee will do? Determines the function code
- What is the FLSA status of employee? Determines the object code [Exempt staff – 6119 and Non-exempt staff – 6129]
- Where the employee will work? Determines the organization code (may be split)
- Who will benefit? Determines the population served or PIC (may be split)

Determining the correct payroll account distribution code(s) is critical to ensure that all payroll costs are expensed in the correct account code(s). This is extremely important for staff assigned on a part-time or full-time basis to support a special program. Only the payroll costs for services whose intent is to serve one or more special programs may be charged to the special program PIC.

The population served codes and program intent codes are correlated below:

- | | | |
|-----------------------------|--------|--|
| ▪ Population Served Code 04 | PIC 21 | Gifted & Talented |
| ▪ Population Served Code 05 | PIC 22 | Career & Technical Education |
| ▪ Population Served Code 06 | PIC 23 | Special Education |
| ▪ Population Served Code 03 | PIC 24 | Accelerated Education - SCE |
| ▪ Population Served Code 02 | PIC 25 | Bilingual Education |
| ▪ Population Served Code 07 | PIC 25 | ESL Education |
| ▪ Population Served Code 03 | PIC 26 | Non-Disciplinary Alternative Education Program |
| ▪ Population Served Code 03 | PIC 28 | Disciplinary Alternative Education Program – Basic |
| ▪ Population Served Code 03 | PIC 29 | DAEP – SCE Supplemental |
| ▪ Population Served Code 03 | PIC 30 | Title I, Part A Schoolwide Activities |
| ▪ Population Served Code 06 | PIC 33 | PK Special Education |
| ▪ Population Served Code 03 | PIC 34 | PK Compensatory Education |
| ▪ Population Served Code 02 | PIC 35 | PK Bilingual Education |
| ▪ Population Served Code 06 | PIC 43 | Dyslexia, Special Education |

All staff assigned to support all students, not specifically served in a special program, shall be coded as basic population served (01) and the basic program intent code (11).

The Assistant Superintendent of Finance shall hold meeting(s) with Special Program Administrators, the Director of Human Resources, HR/Payroll Manager, PEIMS Director, State & Federal Programs Coordinator and Director of Special Services and other personnel as deemed necessary to verify the Staff FTEs and ensure that funds are budgeted in the appropriate payroll account codes. Budget changes and/or amendments, if any, shall be prepared by the Assistant Superintendent of Finance.

After approval of the Staff FTEs reports, the Human Resources department shall submit the Staff FTEs to the payroll department for the purpose of updating the payroll distribution record(s) of each district employee.

Campus Principals and Special Program Administrators shall be responsible to ensure that any changes to staff assignments are submitted to the Director of Human Resources within five (5) days of the assignment change. The prior process of verifying the FTEs/account codes, approval of the FTE report, and submission of the reports to the payroll department shall occur upon the receipt of assignment changes.

The staff FTEs by special program shall be reported to TEA through the PEIMS data submissions. Campus principals shall be responsible for developing procedures to ensure that all staff, especially instructional staff, has the correct populated served code in the campus master schedule. The procedures shall comply with the district's PEIMS Data Guide, TEA's *Student Attendance Accounting Handbook (SAAH)* and the *Texas Student Data Standards (TSDS)*.

The Student Information System (Skyward) shall be used to create the district/campus master schedule, instructor records, and course/section records. Specifically, every course record shall reflect the correct Service ID (as noted on TEDS Code Table C022 Service-ID); and, every section course record shall reflect the correct Population Served Code (as noted on TEDS Code Table C030 Population-Served-Code).

The PEIMS Annual Timelines shall be used to ensure that prior to the submission of the Fall and Summer PEIMS Staff Data that all staff are properly coded in their respective special programs. The campus principals shall review the appropriate TSDS reports prior to all PEIMS Submissions to ensure that the staff data by special program enrollment is accurate and reasonable compared to the historical data.

State Allotment Program Expenditures Compliance

Throughout the fiscal year and at the end of the fiscal year, the Assistant Superintendent of Finance, shall calculate the periodic and final spend percentages for each special program. The allocated expenditures by program intent code (PIC) shall be used to determine compliance. In the event that direct expenditures fall below the mandated percentages, the Assistant Superintendent of Finance shall ensure that the deficit amount is budgeted in the following fiscal year. The deficit amounts, if any, shall be provided by the Assistant Superintendent of Finance to the Special Program Administrators no later than October 1st for planning and budgeting purposes. The Special Program Administrators shall submit the proposed budget to the Assistant Superintendent of Finance no later than November 1st of the following fiscal year.

The TEA Special Allotments Monitoring Program (SAMP) methodology and expenditure rate calculation worksheet shall be used by the finance department, specifically the Assistant Superintendent of Finance, to ensure compliance with required spending percentages.

Upon receipt of a TEA Preliminary SAMP report, the Assistant Superintendent of Finance shall review the report and submit any additional information to TEA within 10 days of the report. If the results of a TEA Special Allotments Monitoring Program report indicate that the district did not over a period of three (3) fiscal years, utilize the state allotment program funds in accordance with TEC, TAC or TEA guidelines, the Assistant Superintendent of Finance shall develop a Corrective Action Plan. If the Corrective Action Plan indicates that the district must return state allotment program funds to TEA, the funds shall be submitted to TEA within the allotted time period. If the Corrective Action Plan indicates that the district shall correct operational procedures related to the budgeting and expensing of state allotment program funds, the Assistant Superintendent of Finance shall draft and implement the operational procedures.

State Allotment Program Legal Requirements (TEC excerpts)

State laws, specifically Chapter 29 and Chapter 48 include requirements related to program eligibility and allowable funds. Excerpts from each state allotment program fund requirements are noted in the following sections.

Beginning with fiscal year-end (FYE) 2021, LEA auditors are strongly encouraged to answer the new set of compliance questions that are aligned with the requirements to the Texas Education Code, §48.104, Compensatory Education Allotment, and §48.105, Bilingual Education Allotment, as amended by House Bill 3 of the 86th Texas Legislature, 2019. The compliance questions can be found in the Financial Accountability System Resource Guide, Module 4: Auditing, section 4.6.5 Compliance with Laws and Regulations. Starting in FYE 2022, both the new J-4 schedule and the compliance questions will be required. They will be used to determine if the program funds were not used in compliance with the statutes. This determination may involve the LEA's average use of funds for the three preceding school years. Schedule J-4 contains two sections of four questions.

Data Codes	Section A: Compensatory Education Programs	Column 1 Responses
AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes / No
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes / No
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$_____
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28, 29, 30, 34)	\$_____
Data Codes	Section B: Bilingual Education Programs	Column 1 Responses
AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes / No
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes / No
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	\$_____
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25, 35)	\$_____

Gifted and Talented

The Gifted and Talented program must adhere to state law, Texas Education Code (TEC) 29.121. Chapter 29 addresses the programmatic guidelines related to eligibility, identification, program services, and use of funds.

Specifically, each school district shall identify students eligible for the GT program and serve the students in an appropriate manner. All student identification and enrollment shall meet the special program guidelines in the Student Attendance Accounting Handbook (SAAH). Student enrollment data shall be submitted to TEA through the PEIMS Fall Submission as of the snapshot date. The attendance and/or contact hour data for funding purposes shall be submitted to TEA through the PEIMS Summer Submission.

Each school district must annually certify to the commissioner that the district has established a program for gifted and talented students as required by Chapter 29 and that the program is consistent with the state plan developed under Section 29.123

Career and Technical Education (CTE)

The Career and Technical Education program must adhere to state law, Texas Education Code (TEC) 29.181 and TEC 48.106. Chapter 29 addresses the programmatic guidelines related to eligibility, identification, and program services. Chapter 48 addresses the funding weight(s) and allowable costs.

The district is eligible to receive weighted* funding for eligible full-time equivalent (FTE) students in approved Career and Technology Education (CTE) programs. In addition to this weighted funding, the district is also eligible to receive \$50 for each FTE student enrolled in two or more advanced CTE courses for three or more credits. Additionally, students enrolled in a designated P-TECH or a 9-12 New Tech campus (identified by having an active agreement with the New Tech Network) are eligible for \$50 per student. These two funding elements determine the district's total CTE allotment. The CTE allotment applies to students in grades 7-12 who take an approved career and technical education (CTE) course designated with an "H" in the CTE course column of the Texas Education Data Standards, Section 4, Service-ID (CO22) code table.

The Assistant Superintendent shall utilize the [TEA Estimating a District's FSP CTE Allotment](#), the [CTE Courses for Academic Credit](#), and the [CTE Advanced Course List](#) to estimate the CTE Allotment as part of the annual budget development process.

Specifically, each school district shall identify students eligible for the CTE program and serve the students in an appropriate manner to obtain state funds. The Master Schedule shall serve as the official document to support that each student was enrolled in a CTE course. All student identification and enrollment shall meet the special program guidelines in the Student Attendance Accounting Handbook (SAAH). Student enrollment data shall be submitted to TEA through the PEIMS Fall Submission as of the snapshot date. The attendance and/or contact hour data for funding purposes shall be submitted to TEA through the PEIMS Summer Submission.

Special Education

The Special Education program must adhere to state law, Texas Education Code (TEC) 29.003 and TEC 48.102. Chapter 29 addresses the programmatic guidelines related to eligibility, identification, and program services. Chapter 48 addresses the funding weight(s) and allowable costs.

Per TEC 48.102, for each student in average daily attendance in a special education program under Subchapter [A](#), Chapter [29](#), in a mainstream instructional arrangement, the district is entitled to an annual allotment equal to the basic allotment, or, if applicable, the sum of the basic allotment and the allotment under Section [48.101](#) to which the district is entitled, multiplied by 1.15. For each full-time equivalent student in average daily attendance in a special education program under Subchapter [A](#), Chapter [29](#), in an instructional arrangement other than a mainstream instructional arrangement, the district is entitled to an annual allotment equal to the basic allotment, or, if applicable, the sum of the basic allotment and the allotment under Section [48.101](#) to which the district is entitled, multiplied by a weight determined according to instructional arrangement as follows:

- Homebound 5.0
- Hospital class 3.0
- Speech therapy 5.0
- Resource room 3.0
- Self-contained, mild and moderate, regular campus 3.0
- Self-contained, severe, regular campus 3.0
- Off home campus 2.7

- Nonpublic day school 1.7
- Vocational adjustment class 2.3

Additional weights for students served in residential treatment facilities, extended year programs, and students with dyslexia or a related disorder are addressed in TEC 49.102.

The district is required under IDEA B regulations (34 CFR 300.201 and 301.149) to develop and implement policies, procedures and practices related to the provision of special education services to eligible students.

Specifically, each school district shall identify students eligible for the Special Education program and serve the students in an appropriate manner to obtain state funds. The student's Individualized Education Plan (IEP) shall serve as the official document to support that each student is eligible for special education, the type of instructional arrangement, and the number of contact hours to be served in a special education setting. All student identification and enrollment shall meet the special program guidelines in the Student Attendance Accounting Handbook (SAAH). Student enrollment data shall be submitted to TEA through the PEIMS Fall Submission as of the snapshot date. The attendance and/or contact hour data for funding purposes shall be submitted to TEA through the PEIMS Summer Submission.

Compensatory Education (SCE)

The Compensatory Education program must adhere to state law, Texas Education Code (TEC) 29.081 and TEC 48.104. Chapter 29 addresses the programmatic guidelines related to eligibility, "at risk" identification, and program services. Chapter 48 addresses the funding formula and allowable costs. The SCE program is funded based on the Fall PEIMS snapshot count of enrolled students who are reported as economically disadvantaged and the census-based weight associated with each identified student's home address. The weights assigned to the five tiers of the index established under Subsection (c) are, from least to most severe economic disadvantage, 0.225, 0.2375, 0.25, 0.2625, and 0.275. If insufficient data is available for any school year to evaluate the level of economic disadvantage in a census block group, a school district is entitled to an annual allotment equal to the basic allotment multiplied by 0.225 for each student who is educationally disadvantaged and resides in that census block group.

The PEIMS Director shall be responsible for ensuring that all students are identified and reported in their census block group. The census block data shall be submitted with the TSDS/PEIMS Data.

All student identification and enrollment shall meet the special program guidelines in the Student Attendance Accounting Handbook (SAAH). Student enrollment data shall be submitted to TEA through the PEIMS Fall Submission as of the snapshot date. The Child Nutrition Director shall be responsible for the collection of CEP data.

Components of the SCE Planning cycle should include:

1. Identification of the students based on statutes, rules, and other reliable data sources

2. Comprehensive assessment of each student's needs so that the appropriate compensatory, intensive, and or accelerated instruction services, and or dropout prevention services are provided
3. Design appropriate SCE services for students that enable them to be performing at grade level at the conclusion of the next regular school year and provide services to prevent at-risk students from dropping out of school
4. Adoption of a budget to support SCE programs
5. Delivery of services to students
6. Evaluation and documenting (Assessing) the effectiveness of accelerated instruction programs and any disparity in performance on assessment instruments administered under TEC, Chapter 39, Subchapter B, or the disparity of high school completion between students at-risk of dropping out of school and all other students in the school district.
7. Holding a public hearing to discuss the results of the SCE program evaluation
8. Improve program based upon evaluation results and stakeholder input

Identification of Students

The Campus Principals (or designees) shall use the student performance data from state assessments to design and implement appropriate compensatory, intensive or accelerated instructional services for students that enable them to perform at grade level at the conclusion of the next regular school term.

In addition, secondary Campus Principals (or designees) shall provide accelerated instruction to a student enrolled in the district who has taken an end-of-course assessment and has not performed satisfactorily on the assessment instrument or who is at risk of dropping out of school. The campus shall offer before the next scheduled administration of the assessment instrument, without cost to the student, accelerated instruction to each student in any subject in which the student failed to perform satisfactorily on an end-of-course assessment instrument required for graduation. The Assistant Superintendent of Finance shall budget separately for costs related to the end-of-course accelerated instruction.

Specifically, each school district shall identify students eligible for the Compensatory Education program and serve the students in an appropriate manner to obtain state funds. There are fifteen (15) at risk criteria indicators in state law. Districts may also use compensatory education funds to support students who are identified as educationally disadvantaged, even if they are not identified as at risk. The At-Risk Coordinator (counselor) at each campus shall be responsible for identifying students that meet one or more of the at-risk criteria indicators. The student's at-risk status shall be indicated on the Skyward Student Information System. Documentation must be maintained on file to support the identification, student services and evaluation of programming. The at-risk student enrollment shall be reported to TEA through the PEIMS Fall Submission.

Student Entry and Exit into SCE Program

The effective date and reason for student entry and exit into the SCE Program shall be documented by the Campus Principal (or designee). All changes in student eligibility to be served in the SCE Program shall be entered in the Skyward Student Information System.

District & Campus Improvement Plans

The SCE program compliance is unlike the other special programs in that it requires specific procedures and documentation as outlined in the Financial Accounting System Resource Guide (FASRG) Module 6.

The District Improvement Plan (DIP) and Campus Improvement Plans (CIP) are the primary source of documentation for the expenditure of SCE funds. The DIP and CIPs shall include the SCE goals, strategies, activities and resources (Staff FTEs and budgeted funds).

The district **is required** to submit the DIP and CIPs in accordance with the [TEA's Electronic Submission guidelines](#). The District shall electronically submit a PDF version of the DIP and at least two (2) CIPs through the TEAL system on an annual basis within 150 days after the last day permissible to send data for the PEIMS data FINAL Midyear resubmission 2 (typically late July). The determination regarding which CIPs to submit to TEA shall be based on the TEA guidelines in the FASRG, Module 6.2.3 Electronic Report Submission Requirements. The District's preparation and submission dates shall be as noted below to ensure compliance with this critical requirement.

- Campus Principals shall submit their CIPs to the Assistant Superintendent of Teaching & Learning by October 1st for review and Board approval of Performance Objectives.
- Campus Principals shall include the SCE goals, strategies, activities and resources (Staff FTEs and budgeted funds) in their Campus Improvement Plan (CIP).
- Campus Principals shall submit their final, approved and evaluated CIPs to the State & Federal Programs Coordinator by June 15th.
- Superintendent or designee (Assistant Superintendent of Teaching & Learning) shall submit the final, approved and evaluated DIP to the State & Federal Programs Coordinator by June 15th.
- The Assistant Superintendent of Finance shall submit the DIP and CIPs through TEASE within the 150-day deadline, **or July 15th**, whichever is earlier.

SCE Program Services

Consistent with the Goals and Strategies identified in the DIP and CIPs, the Campus Principal shall ensure that each eligible student receives services based on their needs. The Campus Principal shall encourage parental participation in the planning of educational services for their child and shall be informed on available services such as extended year program, tutoring and/or summer school. The SCE program services shall also be in accordance with School Board Policy EHBC Legal and Local.

SCE Program Evaluation

The district is required to annually evaluate and document the effectiveness of their designated SCE program in:

1. reducing any disparity in the performance on assessment instruments administered under TEC, Chapter 39, Subchapter B;
2. reducing any disparity in the rates of high school completion between students at risk of dropping out of school and all other district students;
3. reducing any disparity in the rates of high school completion between educationally disadvantaged students and all other district students; and
4. annually hold a public hearing to discuss the results of the LEAs evaluation of the accelerated instruction programs and services; and
5. include the results of this evaluation in the school district's DIP and CIP.

Supplement and Supplant Compliance

Financial guidelines related to supplement, not supplant, targeted-assistance versus school-wide campus expenditures, staffing formulas, job descriptions, time and effort, student case counts, local identification criteria and allowable costs are described in Module 6 State Compensatory Education shall be used to determine the district's compliance with supplement and supplant provisions.

The Assistant Superintendent of Finance shall calculate the cost of the regular education program in relation to budget allocations for compensatory, intensive and/or accelerated instruction and student:teacher ratios at least two times per fiscal year.

Bilingual and ESL

The Bilingual and ESL program must adhere to state law, Texas Education Code (TEC) 29.053 and TEC 48.105. Chapter 29 addresses the programmatic guidelines related to eligibility, identification, and program services. Chapter 48 addresses the funding weight(s) and allowable costs.

The Bilingual Education Allotment Weights are illustrated below:

Bilingual Education Allotment Weights	
<i>Identified English learners whose parents have denied program services do not generate any funding</i>	
0.1	English Learners in average daily attendance in a standard or alternative bilingual education or an ESL program.
0.15	English Learners in average daily attendance in a dual language immersion one-way or two-way program model.
0.05	English proficient and Reclassified English Learners in average daily attendance in a dual language immersion two-way program model.

Specifically, each school district shall identify students eligible for the Bilingual or ESL program and serve the students in an appropriate manner to obtain state funds. All student identification and enrollment shall meet the special program guidelines in the Student Attendance Accounting Handbook (SAAH). Student enrollment data shall be submitted to TEA through the PEIMS Fall Submission as of the snapshot date. The attendance and/or contact hour data for funding purposes shall be submitted to TEA through the PEIMS Summer Submission.

The district offers a Bilingual and an English as a Second Language (ESL) program. The District EL Coordinator shall be responsible for the Bilingual/ESL Program compliance monitoring in the following areas:

Establishment of LPAC Committee

- Selection of Bilingual or ESL Educator
- Campus Administrator
- Parent Representative
- ARD Committee Representative (optional)
- LPAC Confidentiality Statements

Identification of students

- Collection and Review of Home Language Surveys
- Cumulative Folder Documentation Checklist

LPAC Process

- Initial Review
- LPAC Meeting Minutes
- LPAC Monitoring of Reclassified Student
- LPAC Annual Review

Placement

- Parent notification of Initial Identification and Approval of Placement
- Parent approval or denial of services
- Parent notification of Reclassification and Approval of Program Exit
- Parent notification of student progress

The Assistant Superintendent of Finance shall ensure that the appropriate program intent codes (PIC) are used to record Bilingual/ESL Program expenditures. The PIC 25 Costs are noted below:

PIC 25 Costs to Include		
Provision of a Bilingual program	Instruction in primary language	Program and student evaluation
Provision of ESL instruction	Supplemental staff expenses	Salary supplements for teachers
Services intended to make students proficient in English	Staff development	Increase cognitive academic language proficiencies
Bilingual services to immigrant students	Instructional materials and equipment	Supplies required for quality instruction and smaller class size

PIC 25 Costs to Exclude (with correct PIC)		
Foreign language courses (PIC 11)	All Disciplinary Alternative Education Program (DAEP) (PIC 28)	Salary of bilingual/ESL instructors (PIC 11)

Texas public school districts direct cost expenditure requirement on Bilingual Education Allotment = 55% (Minimum)

TEA monitors compliance on BEA funds by looking at the percent the school district spends on direct costs (Sum of PIC 25 + PIC 35)

New Allotments created by HB 3, 86th Legislative Session

House Bill 3 created three new allotments that will require financial reporting: the dyslexia allotment, the college, career and military readiness (CCMR) outcomes bonus, and the early education allotment. The FASRG was updated in April 2021 with final rules related to the use of these allotments, but the allotments and statutory language around their use are described below.

Early Education Allotment

The use of the early education allotment must be in accordance with TEC 48.108 and can only to fund programs and services designed to improve student performance in reading and math in grades prekindergarten through three, including programs and services designed to assist the district in achieving the goals from the district's early childhood literacy and mathematics proficiency plans adopted under TEC 11.185.

For each student in average daily attendance in kindergarten through third grade, a school district is entitled to an annual allotment equal to the basic allotment multiplied by 0.1 if the student is:

- (1) educationally disadvantaged; or
- (2) a student of limited English proficiency, as defined by Section [29.052](#), and is in a bilingual education or special language program under Subchapter [B](#), Chapter [29](#).

The Assistant Superintendent of Finance and the Elementary Campus Principal shall collaborate to establish the Early Education Allotment budget. At least 100 percent of the early education allotment must be used in accordance with TEC 48.108.

Dyslexia Allotment

The use of the dyslexia allotment must be in accordance with TEC 48.103 and can be used only for a student who is receiving services in accordance with an IEP under Section 29.005 or a plan developed under Section 504, is receiving instruction that meets dyslexia criteria established by the State Board of Education and is provided by a person with specific training in providing that instruction, or that is permitted to use modifications in the classroom or accommodations in the administration of assessment instruments on the basis of having dyslexia or a related disorder.

For each student that a school district serves who has been identified as having dyslexia or a related disorder, the district is entitled to an annual allotment equal to the basic allotment multiplied by 0.1 or a greater amount provided by appropriation. School districts are prohibited from using more than 20 percent of the dyslexia allotment to contract with a private provider to provide supplemental academic services recommended in the student's IEP or 504 plan.

Students may not be excused from school to receive these supplemental services.

College, Career and Military Readiness (CCMR) Allotment

For each annual graduate in a cohort described by Subsection (b) who demonstrates college, career, or military readiness as described by Subsection (f) in excess of the minimum number of students determined for the applicable district cohort under Subsection (c), a school district is entitled to an annual outcomes bonus of:

- (1) if the annual graduate is educationally disadvantaged, \$5,000;
- (2) if the annual graduate is not educationally disadvantaged, \$3,000; and
- (3) if the annual graduate is enrolled in a special education program under Subchapter [A](#), Chapter [29](#), \$2,000, regardless of whether the annual graduate is educationally disadvantaged.

(e) A school district is entitled to an outcomes bonus under each subdivision of Subsection (d) for which an annual graduate qualifies.

The Assistant Superintendent of Finance and Director of Advanced Academics shall collaborate to establish the CCMR budget.

Part II - Federal Grants

Acronyms and definitions related to federal grant management are listed in the EDGAR, Subpart A, 200.0 through 200.1, respectively, and may be accessed at: [Education Department General Administrative Regulations \(EDGAR\) and Other Applicable Grant Regulations](#).

These acronyms and definitions are used throughout this manual. One of the most critical definitions is that of a “non-federal entity”. When this definition is used it refers to the “school district”, as a recipient of a federal grant award.

General Provisions (Conflict of Interest & Disclosure):

The District shall comply with all General Provisions of EDGAR (Subpart B). Specific areas of compliance are noted below:

Federal Regulations (EDGAR)

1. The district shall execute an organizational conflict of interest disclosure (signed by the Superintendent) only if the district enters into a relationship with an outside entity as described in the EDGAR organizational conflict regulations. **[2 CFR 200.318(c)(2)] At this time, the district has no such relationships.** [Note. EDGAR requires that if a non-Federal entity has a parent, affiliate, or subsidiary organization (that is not a state, local government, or Indian tribe), the non-Federal entity must also maintain written standards of conduct covering organizational conflicts of interest.]
2. An employee shall disclose to his or her immediate supervisor a personal financial interest, a business interest, or any other obligation or relationship that in any way creates a potential conflict of interest with the proper discharge of assigned duties and responsibilities or with the best interest of the District. Local Government Officers will use Form CIS: Local Government Officer Conflicts Disclosure Statement form. [EDGAR requires that **employees engaged in the selection, award and administration of contracts disclose conflicts to the district.**] **2 CFR 200.318(c)(1)]**

State Regulations (State Law)

The District has established conflict of interest policies [School Board Policy BBFA, CAA, CB, CBB and DBD).

1. School Board Policy DBD Legal states: A local government officer (defined as the School Board and Superintendent) shall file a conflicts disclosure statement with respect to a vendor if the vendor enters into a contract with the district or the district is considering entering into a contract with the vendor and the officer has a conflict of interest or has accepted gifts in excess of \$100 in the aggregate in a 12-month period.
2. School Board Policy DBD Local states: The Superintendent shall file an affidavit with the Board President disclosing a substantial interest, as defined by Local Government Code 171.002, in any business or real property that the Superintendent or any of his or her relatives in the first degree may have.

Local Regulations (Local Board Policy and/or Procedures)

1. School Board Policy CB Local states: Each employee, board member or agent of the district who is engaged in the selection, award or administration of a contract supported by a federal grant or award and who has a potential conflict of interest as defined at Code of Federal Regulations, Title 2, section 200.318, shall disclose to the district, in writing, any conflict that meets the disclosure threshold in Chapter 176 of the Local Government Code. In addition, each employee,

board member or agent of the district shall comply with any other conflict of interest requirements imposed by the granting agency or a pass-through entity.

2. School Board Policy DBD Local states: Any other employee who is in a position to affect a financial decision involving any business entity or real property in which the employee has a substantial interest, as defined by Local Government Code 171.002, shall file an affidavit with the Superintendent; however, the employee shall not be required to file an affidavit for the substantial interest of a relative.

Other Conflict of Interest Requirements

1. The district shall comply with all additional conflict of interest requirements required by the federal granting agency and/or the pass-through entity (TEA).
 - a. The District shall disclose in writing to the granting agency and/or pass-through entities any potential conflict of interest concerning the expenditure of federal or state grant funds. The TEA Division of Grants Administration Conflict of Interest Disclosure Form shall be used to disclose the potential conflict.
 - b. The District shall disclose in writing to the granting agency and/or pass-through entities any violations of federal criminal law including fraud, bribery, or gratuity violations affecting a federal grant award. Upon detection of any fraud, abuse or waste with federal grant funds, the District shall promptly notify the proper legal authorities and pursue appropriate criminal and/or civil actions. The TEA Division of Grants Administration Conflict of Interest Disclosure Form shall be used to disclose the violation(s).
 - c. The Assistant Superintendent of Finance, Grant Manager(s), and Special Program Administrator(s) shall be responsible for overseeing, reporting, and documenting any fraud, abuse, or waste of federal grant funds.
 - d. The Assistant Superintendent of Finance shall be responsible for completing the Certification Statement on the TEA Division of Grants Administration Conflict of Interest Forms.
 - e. The District shall reclassify fraudulent expenditures made with federal grant awards to local district funds, i.e. the General Fund on a temporary basis and shall seek to recover the funds for fraudulent expenditures from the individual(s) perpetrating the fraud.

Conflict of Interest Forms:

- [Conflict of Interest Disclosure \(CIS\) – Texas Ethics Commission](#)
- [Conflict of Interest Disclosure Form - TEA Division of Grants Administration](#)
- [Mandatory Disclosure Form - TEA Division of Grants Administration](#)

All district employees are prohibited from soliciting gifts or tokens from vendors or other parties who are affected by (or have an interest in) a federal grant award.

In addition, all district employees are prohibited from accepting *unsolicited* gifts or tokens from vendors or other parties who are affected by (or have an interest in) a federal grant award that exceed an

nominal (individual) value of \$25 [IRS business gift limit] and an aggregate value of \$100 [or current Conflict of Interest limit, whichever is less] in a fiscal year. The unsolicited gifts or tokens may be a nominal meal, vendor exhibit promotional items, calendars, or other nominal value items not specifically excluded below:

- Items prohibited at a public elementary and secondary schools such as drugs, tobacco or alcohol products
- Cash

District employees who violate this administrative directive shall be subject to disciplinary action, up to and including termination of employment with the district. Violations that exceed the federal Conflict of Interest thresholds shall be reported to the federal granting agency and/or pass-through entity by the Assistant Superintendent of Finance.

Pre-Federal Award Requirements:

The federal awarding agency and pass-through entities, in accordance with **2 CFR 200.332**, are required to evaluate the risk of the District in respect to financial stability, quality of management system, history of performance (grants), audit reports and ability to effectively implement the grant program.

To comply with this requirement, the Federal Fiscal Monitoring Division at TEA conducts an annual risk assessment of all subrecipients, including local educational agencies, to determine their potential risk of noncompliance. Based upon the outcome of the risk assessment, subrecipients are assigned a risk level of low, medium, or high.

The division updates the risk assessment model annually to ensure that risk indicators and weights reflect current risks, such as economic conditions; political conditions; regulatory changes; unreliable information; financial problems that could lead to diversion of grant funds; loss of essential personnel; loss of accreditation; rapid growth; new activities, products, or services; and organizational restructuring.

The risk assessment criteria include indicators and weights derived from multiple sources. Each subrecipient is allotted points based upon these criteria, and assigned a risk level of high, medium, or low based on the total number of points allotted.

The current TEA criteria to determine the risk level is available on the TEA website at: [Annual Federal Fiscal Risk Assessment | Texas Education Agency](#).

The effects of the district's risk level determined by TEA may impact the districts in the following ways:

- *Differentiated Grant Negotiation.* TEA uses a differentiated grant negotiation process for federal grant applications. Organizations with a medium or high risk level are subject to a more stringent grant negotiation review than those with a low risk level.
- *Subrecipient Monitoring.* Each year, TEA selects subrecipients for fiscal monitoring, according to their risk levels. The higher your organization's risk level, the more likely you are to be selected for monitoring.

The Assistant Superintendent of Finance shall obtain the district's risk assessment level by accessing the GFFC Reports and Data Collections secure application on an annual basis.

The District shall implement strategies as noted below to ensure that its risk level for federal grants management is determined to be "low":

1. Timely submission of all required programmatic and financial reports
2. Timely and consistent submission of reimbursement requests as an indication that the district is regularly spending the federal grant funds to conduct approved grant activities
3. Complying with the federal grant award fiscal guidelines and allowable cost principles
4. Ensuring that all grant-related staff are properly trained in their respective grants management role on at least an annual basis.
5. Developing and implementing district policies and procedures for all critical business functions
6. Developing and implementing grant management procedures and internal controls

If the District is determined to be a "high risk" district, it shall comply with all of the additional requirements as imposed by the federal granting agency and/or pass-through entity. In addition, the District shall develop and implement strategies to correct the identified deficiencies in an effort to move to a "low risk" entity status.

No pre-award expenses or obligations shall be made by the District prior to the submission of the application to the federal granting agency or pass-through entity. [2 CFR 200.458] Non-authorized pre-award expenses, if any, shall be paid from local District funds, i.e. the General Fund.

Grant Application Process

The district may be eligible to apply for "entitlement" and/or "competitive" federal grant funds.

Federal entitlement grant funds include, but are not limited to, Every Student Succeeds Act (ESSA), Individuals with Disabilities Education Act (IDEA), and Carl D. Perkins. The "maximum" and/or "final" entitlement awards for the district are posted on the TEA Grants Management webpage at: [Administering a Grant | Texas Education Agency](#). The Grant Manager(s) shall obtain the annual entitlement amounts and begin the grant development process with the appropriate stakeholders.

A list of competitive grants administered by the TEA are also posted on the TEA Grants Management webpage at: [ProgramSearch \(state.tx.us\)](#). The Grant Manager(s) shall obtain the competitive grant information to determine whether the grant(s) is appropriate for the district. Some competitive grants may have matching-funds and/or in-kind payment requirements which may place a burden on the district's available financial resources.

TEA's Grant Opportunities web page provides a wealth of information related to available grants such as: [<http://burleson.tea.state.tx.us/GrantOpportunities/forms/GrantProgramSearch.aspx>]

- General and Fiscal Guidelines
- Program Guidelines

- Program-Specific Provisions and Assurances
- General Provisions and Assurances
- Debarment and Suspension Certification
- Lobbying Certification
- Sample Application
- Deadlines and Due Dates for: grant application, amendments and grant reporting

All grant applications must be reviewed by the Finance/Business Services department. In addition, all grant applications that will support student instruction at one or more campuses, must be developed in collaboration with the respective campus principal(s). Specific grant activities to support the academic program at a campus should be reflected in the Campus Improvement Plan.

Grant applications and/or a summary of the intent and purpose of the grant and how the funds will be expended will be presented at a scheduled School Board Meeting to allow for public comment. The final approval of all grant applications shall be the Superintendent or designee.

The Grant Manager(s) shall work collaboratively with the finance department to ensure that all grant budget schedules are completed using the correct account code structure (as appropriate); the district's purchasing, travel, and other procedures; and are adequately documented if prior approval is required by the granting agency or pass-through entity (TEA).

The Grant Manager(s) shall obtain pre-approval for the following activities which have been identified by the granting agency or pass-through entity (TEA);

- [Student educational field trips](#) – TEA Division of Grants Administration form
- [Hosting or sponsoring conferences](#) - TEA Division of Grants Administration form
- [Out-of-state travel](#) - TEA Division of Grants Administration form
- [Request for Approval of Special or Unusual Costs](#) – TEA Division of Grants Administration form
- [Request for Approval of Participant Support Costs](#) – TEA Division of Grants Administration form

An approved copy of a pre-approval or completed justification form, if required, shall be attached to the purchase order for audit purposes.

Grants that require matching or in-kind district contributions shall be evaluated for overall impact on the district's current and future local funds.

No federal grant funds shall be budgeted, encumbered, or spent until either of the following has occurred:

- The district may execute a contingent Letter of Intent with a third party prior to the issuance of a NOGA, if approved by the Superintendent.
- Grant has been approved by the granting agency and a Notice of Grant Award (NOGA) has been issued to the district; or
- The entitlement grant has been received by the district and the grant application has been

submitted to TEA.

[NOTE: TEA allows federal grant expenditures from the grant application “stamp-in date”; however, expenditures that require TEA’s specific approval are not approved until the NOGA is issued.]

The grant application shall be the source document to create the original budget. The Grant Manager(s) shall review the grant application, especially the Budget Schedules, and only budget allowable expenditures and object categories. Reserved funds, if any, shall be included in the original budget.

The Assistant Superintendent of Finance shall notify the Grants Manager(s) when the funds have been budgeted and are ready for expenditure by the appropriate campus or department.

General Provisions and Assurances

General Provisions and Assurances apply to all grants administered by TEA. Additional provisions and assurances may apply to specific grants. The Grants Manager(s) shall inform all staff involved in the expenditure of grant funds of the provisions and assurances for each grant program, as appropriate.

Numerous resources are available on TEA’s Provisions and Assurances webpage at:

http://tea.texas.gov/Finance_and_Grants/Grants/Administering_a_Grant/Provisions_and_Assurances/

- [General Provisions and Assurances \(The New EDGAR\)](#)
- [Debarment and Suspension \(The New EDGAR\)](#)
- [Lobbying Certification \(The New EDGAR\)](#)

Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion

The district must not award a contract [required for all federal grants, regardless of dollar amount] to a vendor which is debarred or suspended or is otherwise excluded from or ineligible for participation in federal grant award programs. [2 CFR 200.213]

The department submitting a PO request shall confirm the eligibility of each vendor with this certification requirement by searching the SAM.gov exclusion listing before awarding a contract and/or issuing a purchase order. A copy of the search shall be maintained with the contract and/or purchase order for audit purposes.

Lobbying Certification

For all federal grants in excess of \$100,000, the district shall certify on the grant application that no federal grant funds are expended for the purpose of lobbying.

Budgeting Grant Funds

The Grant Manager(s) shall budget grant funds in the appropriate fund code as authorized by Financial Accountability System Resource Guide, or the granting agency, as appropriate. In addition, the object expenditure codes noted on the grant application shall be consistent with the budgeted account codes.

Federal grant funds shall be budgeted and available for use no later than 15 days after receipt of the NOGA or from the stamp-in date, whichever is earlier.

Budget amendments, if any, shall be submitted by the Grant Manager(s) to ensure that the reclassification of funds is allowable under the grant management guidelines related to budget amendments. Some grants allow a transfer of funds, up to 25% of the grant award, but only within the same object class and if the new object code does not require specific approval from the granting agency.

The TEA Grants Division has developed guidance related to “When to Amend” grants administered by the TEA. The guidance document is posted on the TEA website at:
http://tea.texas.gov/Finance_and_Grants/Administering_a_Grant.aspx.

In addition to TEA’s guidelines, federal regulations require that the district amend the grant application when grantees deviate from the original scope or grant objectives. Other amendments may be necessary when the district changes the designated Grant Manager(s), disengages from grant activities for more than three (3) months, or a 25% reduction in the time devoted by Grant Manager(s).

The Grant Manager(s) shall monitor the need for amendments at least quarterly throughout the grant period and at least one (1) month prior to the grant amendment deadline, as applicable. If an amendment is necessary for any of the reasons specified by the pass-through entity (TEA) or in federal regulations, the Grant Manager(s) shall initiate the amendment process and collaborate with the Assistant Superintendent of Finance prior to submission of the grant amendment. The approval process of a grant amendment shall be the same as the grant application process, i.e. the Superintendent or designee shall approve all federal grant amendments.

The Assistant Superintendent of Finance shall be responsible for ensuring that the finance system budget corresponds to the most recent grant NOGA.

Financial and Program Management

The District must comply with all requirements of federal grant awards including the provisions of the Federal Funding Accountability and Transparency Act (FFATA) and the Financial Assistance Use of Universal Identifier and Central Contractor Registration (CCR). [2 CFR 200.211]

FFATA Reporting

The district shall report the following for all federal grant awards, as appropriate. The Finance/Business Services department shall be responsible for collecting and reporting the information.

1. The following data about sub-awards greater than \$25,000
 - a. Name of entity receiving award [entity = district]
 - b. Amount of award
 - c. Funding agency
 - d. NAICS code for contracts / CFDA program number for grants
 - e. Program source
 - f. Award title descriptive of the purpose of the funding action
 - g. Location of the entity (including congressional district)
 - h. Place of performance (including congressional district)

- i. Unique identifier of the entity and its parent; and
 - j. Total compensation and names of top five executives (same thresholds as for primes)
2. The Total Compensation and Names of the top five executives if:
 - a. More than 80% of annual gross revenues from the federal government, and those revenues are greater than \$25M annually and
 - b. Compensation information is not already available through reporting to the SEC.

At the present time, the district has no federal grant sub-awards.

Financial Management System

The District's financial management system, Skyward Finance System, shall be utilized to record, expend and track all federal grant revenues and expenditures. The financial management system shall be maintained in a manner that provides adequate internal controls over the data integrity, security and accuracy of the financial data. [2 CFR 200.302(a)]

The financial management system must contain information pertaining to all federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation. All expenditures of federal grant funds shall be in accordance with the district's written procedures such as cash management, accounts payable, purchasing, travel, allowable costs, capital asset tracking, contract management, and other procedures, as appropriate.

Records Retention

The financial management system shall be utilized to store, maintain, and report all required federal grant information. [2 CFR 200.334] Consequently, the district shall ensure that access to the data is restricted to authorized individuals in accordance with the district's Data Security and Access policies. In addition, the district shall retain all federal grant records for a period of five (5) years in accordance with the district's Local Records Retention Plan. The district's Record Management Officer (RMO), the Superintendent, shall be responsible to ensure that all records are retained, stored and accessible, as appropriate.

Federal Grant Awards

Federal grant awards shall be maintained to include all EDGAR required data (denoted with an *) and district-required information listed below: [List of all federal grant awards with the required identification information is included in the Exhibit Section] [2 CFR 200.302(b)(1)]

- The CFDA title and number*,
- Federal award identification number and year*,
- Name of the Federal agency*, and
- Name of the pass-through entity*, if any.
- Grant period (start and end of the grant award)
- Grant award (dollar amount of award)
- Subgrants, if any
- TEA-assigned risk level

On a regular basis, the Grant Manager(s), shall review the status of each federal grant fund. The review shall include a comparison of budget to expenditures. [2 CFR 200.302(b)(5)]

Internal Controls

Internal controls, defined in 2 CFR 200.1, is a process, implemented by the district, designed to provide reasonable assurance regarding the achievement of objectives in the following categories.

- Effectiveness and efficiency of operations
- Reliability of reporting for internal and external use; and
- Compliance with applicable laws and regulations.

The district's **Internal Control Procedures** over financial management, developed in accordance with the Internal Control Integrated Framework (COSO) and TEA's Internal Controls Guidance Handbook, shall be made available to all staff involved in the management of federal grant funds. **[2 CFR 200.303]** TEA's Internal Controls Guidance Handbook provides a general overview of internal controls as they relate to the federal grants TEA awards. According to the Handbook, the district must have an effective system of internal controls in place to prevent, detect and reduce the risks of fraud, waste and abuse of federal grant awards.

The internal control procedures shall be reviewed on at least an annual basis and updated as appropriate. If any weakness in an internal control is detected, the internal control procedures shall be revised to incorporate the weakness(es) at either the annual review or as the need arises dependent upon the severity (materiality) of the weakness.

The Assistant Superintendent of Finance shall be responsible for the annual review and update of the **Internal Control Procedures**.

Bonds

If the granting agency requires that the district obtain bonding and/or insurance for a specific project, the district shall ensure that the bonds are obtained from a company that holds a certificate of authority as specified in 31 CFR Part 223, Surety Companies Doing Business with the United States.

The Assistant Superintendent of Finance shall be responsible for obtaining insurance and/or bonding, as appropriate.

Payments from the Granting Agency and to Vendors

Payments to vendors shall be made promptly in accordance with federal regulations and state law. Specifically, in accordance with the Texas Prompt Payment Act, the district shall pay all invoices within 30 days of receipt of the goods/services and the invoice, whichever is later.

The district has determined that it will not accept advanced payments for federal grant funds. Acceptance of advanced payments require depositing of the funds in an interest-bearing bank account,

tracking of interest earnings, and returning all investment earnings in excess of \$500 per year to the granting agency. [2 CFR 200.305(9)]

The district shall seek reimbursement for federal grant expenditures, rather than using an advanced payment method. Consequently, the district shall prepare and submit a draw-down of federal grant funds only after the payments have been made and distributed to the vendor via mail, e-payables or other delivery method. The draw-down of expended funds shall be net of all rebates, refunds, contract settlements, audit recoveries and interest earned, as appropriate. The Assistant Superintendent of Finance shall be responsible for preparing the draw-down of federal grant funds. All draw-downs shall be recorded on the general ledger as a receivable when the draw-down process is complete and posted to the cash account upon receipt of the receivable.

To ensure that the district does not draw-down any advanced funds, the draw-down shall occur after the 10th of the following month to ensure that all payroll-related liabilities, such as federal taxes and Texas Teacher Retirement System deposits, have been disbursed from the district's bank accounts. The draw-down of payroll expenditures shall be net of all accrued wages and payroll liabilities.

All expenditures must meet the Obligation Rules (Title 34, 76.707). Obligations that are liquidated and recognized as expenditures must meet the allowable cost principles in 2 CFR 200, Subpart E of EDGAR (as applicable) and program rules, regulations, and guidelines contained elsewhere.

The Assistant Superintendent of Finance shall strive to draw-down federal grant funds on a monthly, or at least quarterly basis. TEA requests that LEAs make timely draw-downs to ensure that funds are being used and that grant activities are being met throughout the grant period.

Cost Sharing or Matching Funds

The Grant Manager(s) shall ensure that requirements for cost sharing and/or matching funds are approved through the grant approval process prior to the submission of the grant. The Assistant Superintendent of Finance must approve the commitment of all cost sharing and matching grant funds.

If cost sharing or matching funds are required as part of a federal grant award, the required direct or in-kind expenditures should be recorded and tracked on the general ledger. If matching grant funds are required in the General Fund (Fund 199), the district shall utilize a sub-object to separately track the expenditures for reporting and compliance purposes.

All staff paid with cost sharing and matching funds, shall be subject to the federal Time and Effort Documentation requirements.

Cost sharing and matching funds that are as a result of donated services or supplies, shall be recorded and tracked in accordance with the federal regulations (CFR 200.306).

Program Income

The district does not plan to generate any program income as part of a federal grant award. Federal regulations (CFR 200.307) allow the district to generate program income to offset federal grant award costs. Income earned, if any, must be expended in accordance with the grant requirements.

In the event that the district opts to generate program income as part of a federal grant award in the future, all recommendations for program income activities, shall be reviewed and approved by the Assistant Superintendent of Finance.

If program income activities are approved, the Grant Manager(s) over the activities shall ensure that the costs of generating the program income are not federal grant funds, are nominal in cost, are offset from the program income, and meet all of the federal requirements. The TEA Division of Grant Administration Request to Add Program Income to Federal or State Grant Award and Expansion Delivery of Programmatic Services Form shall be used to request authorization to use any program income to support a state or federal grant.

The district shall not retain any program income earned through a federal grant program.

Period of performance (Obligations)

All allowable grant expenditures shall be incurred during the grant period, i.e. begin date and end date of the federal grant award as designated on the Notice of Grant Award (NOGA). The Grant Manager(s) shall notify the appropriate departments, such as Purchasing, Human Resources, Finance, Payroll, etc. of the grant periods for each federal grant award to ensure compliance as noted below:

- No employee shall be hired and paid from federal grant funds except during the federal grant period
- No purchase obligation shall be made from federal grant funds except during the federal grant period
- No payroll or non-payroll expenditures shall be made from federal grant funds except during the federal grant period.

The district's purchasing deadlines have been established to facilitate the purchase of all goods and services within the fiscal year and/or grant period. The purchasing deadline for non-federally funded purchases is established by the Assistant Superintendent of Finance for each fiscal year. The purchasing deadline for federally funded purchases will follow this same deadline, unless the deadline is adjusted to fall within the grant's period of performance.

All obligations with federal grant funds must occur during the grant period. Obligations that occur before or after the grant period are not allowable costs except when pre-awards are allowed and utilized. The obligations must be liquidated in accordance with the grant deadlines, especially as they relate to the final draw-down of federal grant funds. [2 CFR 200.309]

Guidance regarding the obligation of federal grants funds [Title 34 76.707] can be found in TEA's General and Fiscal Guidelines. Excerpt from the guidelines is noted below:

An obligation occurs depending upon the expenditure, as described in the following table.

If the Obligation Is For—	The Obligation Is Made—
Acquisition of real or personal property	On the date the grantee makes a binding written commitment to acquire the property
Personal services by an employee of the grantee	When the services are performed
Personal services by a contractor who is not an employee of the grantee	On the date on which the grantee makes a binding written commitment to obtain services
Performance of work other than personal services	On the date on which the grantee makes a binding written commitment to obtain the work
Public utility services	When the grantee receives the services
Travel	When travel is taken
Rental of real or personal property	When the grantee uses the property

Procurement Standards and Expenditure of Grant Funds

Procurement with and expenditure of grant funds shall be through the Finance/Business Services processes in place for non-grant funds and shall have additional requirements as noted below to ensure full compliance with federal regulations, specifically the Procurement Standards in *EDGAR 2 CFR Part 200.318-200.327*.

The district shall comply with the general procurement requirement of the EDGAR (2 CFR 200) effective July 1, 2018 and amended November 2020. The district shall utilize a purchase order and encumbrance system to manage the expenditure of all federal grant funds unless other methods such as credit cards, petty cash, direct payments, etc. are authorized in the district's operating procedures. All purchases shall be in accordance with the district's School Board Policies (CH Legal and Local) and the district's **Purchasing Manual**. The district purchasing procedures shall comply with all federal, state, and local procurement requirements. If a conflict arises between the federal, state and local requirements, the stricter requirement shall prevail.

The district shall adhere to state law and federal guidelines related to competitive procurement of grant purchases. Specifically, the district shall comply with the Texas Education Code, Chapter 44 regarding the authorized competitive procurement options available to school districts. In addition, any competitive procurement requirements specific to a federal grant must also be adhered to for all grant purchases.

Additional compliance with federal guidelines may include specific approval for purchases from sole source vendors, non-appropriate cancellation language in multi-year contracted purchases, vendor selection criteria, and other guidelines specific to a federal grant.

The district shall utilize the Financial Accountability System Resource Guide (FASRG) Account Code Structure to record all payroll and non-payroll expenditures. Additional guidance regarding the FASRG

Account Code Structure is available on the TEA Website (www.tea.texas.gov) and the district's Chart of Accounts Reference Guide.

The Assistant Superintendent of T&L shall be responsible for the programmatic and evaluation compliance and the Assistant Superintendent of Finance along with the Grant Manager(s) shall be responsible for the financial compliance.

Federal Regulations - Education Department General Administrative Regulations (EDGAR)

The district shall adhere to the Education Department General Administrative Regulations (EDGAR) and any additional grant-specific cost principles. The 2 CFR Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards include numerous requirements of the grantee.

All refunds, rebates, discounts, or other credits to grant expenditures shall be posted to the finance general ledger as soon as the credit is known. [Note. It is essential to post all credits to the general ledger on a timely basis to ensure that the district does not draw-down grant expenditures in excess of actual expenditures net of all credits.]

Additional information related to the EDGAR is located at:
<http://www2.ed.gov/policy/fund/reg/edgarReg/edgar.html>

State-Administered Federal Grant Guidelines and Requirements

The district shall also adhere to General and Fiscal Guidelines established by the Texas Education Agency. The guidelines for grants awarded before and after December 26, 2014 are hyperlinked below:

- General and Fiscal Guidelines (through December 26, 2014)
- General and Fiscal Guidelines: EDGAR (after May 1, 2020)

The district shall also adhere to grant-specific cost requirements established by the Texas Education Agency. The grant-specific guidelines for current district grants are hyperlinked under the Grant Opportunities webpage at: [Guidelines, Provisions, and Assurances | Texas Education Agency](#).

Procurement Tracking and Documentation

The Assistant Superintendent of Finance with support from the Purchasing Specialist shall be responsible for ensuring compliance with all federal, state and local procurement requirements and for ensuring that the district maintains an up-to-date procurement history to include, but not limited to, the information below for all federal-funded purchases (*2 CFR 200.318(i)*).

- *Rationale for the method of procurement
- *Selection of contract type
- *Contractor selection or rejection
- *Basis for the contract price

- List of all procurements by type/category
- Advertisement date(s) of the procurement
- Release date of the procurement specifications
- Selection criteria for vendors
- Opening date of the procurement
- List of vendors submitting a proposal/bid
- Selection of Vendor
- Date of contract award
- Begin date of contract
- End date of contract
- Contract Amount

*EDGAR-specific provisions [2 CFR 200.318(i)].

The procurement history records and other procurement records shall be retained in accordance with the federal, state and/or local retention periods, whichever is greater. The procurement records shall be made available to the federal granting agency, pass-through entity (TEA), and auditors, as appropriate.

Purchasing Efficiency Strategies

All purchases shall be purchased from a variety of qualified vendors with the ability to perform successfully under the terms and conditions of a proposed procurement. The district shall strive to avoid acquisition of unnecessary or duplicative items (*2 CFR 200.318(d)*).

The district shall implement the following strategies to maximize federal grant funds:

- Evaluate the cost efficiencies of leases versus purchases of equipment
- Utilize cooperative purchasing agreements, as appropriate, to obtain volume pricing (*2 CFR 200.318(e)*)
- Utilize federal or state excess/surplus property supplies or equipment in lieu of purchasing new supplies or equipment, as appropriate (*2 CFR 200.318(f)*)
- Utilizing value-engineering in construction projects to seek cost reductions (*2 CFR 200.318(g)*)
- Develop vendor selection criteria to select the best vendor (*2 CFR 200.318(h)*)
- Develop a tracking system of all informal and formal procurements (*2 CFR 200.318(i)*)
- Avoid “time and materials” contracts if other alternatives exist (*2 CFR 200.318(j)(1)*)
- Monitor vendor performance to ensure that the vendor provides the services and/or goods, as appropriate (*2 CFR 200.318(k)*)
- Ensure that all contract and vendor disputes are resolved in the most advantageous manner
- Minimize the risk of jurisdictional issues by ensuring that all contracts would be litigated in a court within the county, city and/or state, as appropriate

Conflict of Interest

The Superintendent, Cabinet staff members, Human Resources, HR/Payroll Manager, Business Manager, Operational Director(s), and Grant Manager(s) shall disclose in writing any conflict of interest, as

appropriate, related to the awarding of a contract or substantial expenditures. Substantial expenditures shall be defined as a purchase in excess of \$10,000.

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. In addition, no employee, officer or agent of the district may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontractors. All employees shall comply with the Educators' Code of Ethics (DH Exhibit). Violators of the Code of Ethics shall be subject to disciplinary action, including but not limited to, termination of employment with the district.

Vendor Competition

The Business Services department, Grant Manager(s), Superintendent and/or School Board, as appropriate, shall be responsible for selecting and awarding contracts to vendors that are qualified to provide the goods and/or services to be purchased with federal grant funds. The vendor selection process shall ensure that the district does not restrict competition among qualified vendors **(2 CFR 200.319)**.

Vendor Selection Criteria

The district has selected vendor qualification criteria that includes, but is not limited to, the following:

- Past experience with the district
- Cost of goods and services, including future costs of maintenance
- Vendor's financial stability and position as it relates to the ability to provide the goods and/or services
- Reputation of the vendor and of the vendor's goods and services.
- The quality of the vendor's goods and services.
- The extent to which the goods or services meet the District's needs.
- The impact on the ability of the District to comply with laws relating to historically underutilized businesses.
- Small, minority, woman-owned, or labor surplus area firms.
- For a contract that is not for goods or 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 has its principal place of business in this state or employs at least 500 persons in this state.
- References

The district shall not restrict vendor competition by requiring any of the following as selection criteria: [2 CFR 200.319]

- Unreasonable requirements, such as excessive experience or bonding, brand name products, or geographic preferences that would unduly restrict competition among qualified vendors
- Arbitrary restrictions that are not essential to the bid/proposal specifications

Vendor Database

A vendor database shall be maintained by the Finance/Business Services department within the Skyward Business System. Vendor selection shall include the following criteria:

- Has not been debarred or suspended by the State of Texas or federal government
- Is licensed or registered with the State of Texas to perform the contracted services, as appropriate
- Has obtained the minimum insurance limits and/or bonding established by the district, as appropriate
- Has disclosed any felony convictions and/or criminal history, as appropriate
- Has responded to the District's bid for the current term
- Vendor is approved through co-op or interlocal agreement

All vendors shall complete the appropriate vendor forms as required by federal or state regulations and the district. The district requires that every vendor have the following documents on file:

- Vendor application file (new vendors)
- [Form W-9](#) – Internal Revenue Service
- [Conflict of Interest Questionnaire \(CIQ\)](#) – Texas Ethics Commission
- Felony Conviction Notice
- Fingerprinting (If working directly with students)
- Criminal Background and Fingerprinting (if working directly or indirectly with students)
- Certificate of Insurance (with the District as additional insured) if services will be rendered on district property

Vendor Management

A vendor database shall be maintained by the Purchasing Specialist with oversight by the Business Manager. The district's Adding/Renewing Vendors Procedures shall be adhered to in adding and maintaining approved vendors. Although the district maintains a pre-qualified vendor database, to ensure open competition, vendors shall be allowed to enter competition at any time during the school year, as possible.

Bid and Proposal Specifications

The district shall develop written bid/proposal specifications that are provided to every qualified vendor to ensure consistency in the procurement process. A vendor that is allowed to assist with the development of specifications shall be ineligible to submit a proposal for the specific procurement as this may provide a barrier to open competition among the qualified vendors. [2 CFR 200.319(b)] The bid/proposal documents must include guidance to vendors regarding the following:

- Time, date and place of bid/proposal opening
- Anticipated award date, as applicable
- Written specifications and addendums, as appropriate

- List of all bid/proposal required documents such as CIQ, Felony Conviction Notice, etc.
- Bid/Proposal Sheet
- Bid/Proposal evaluation criteria, including the weights, as applicable
- Other documents, as appropriate for a specific bid/proposal

The district's specifications shall incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description must not, in competitive procurements, contain features which unduly restrict competition. The description may include a statement of the qualitative nature of the material, product or service to be procured and, when necessary, must set forth those minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use. Detailed product specifications should 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. [2 CFR 200.319(b)(6)].

The Finance/Business Services department shall oversee all bid/proposal documents before release to the vendor to ensure the documents comply with the federal requirements.

Procurement Methods

The district shall use one of the procurement methods allowed by federal regulations to procure goods and services with federal grant funds [2 CFR 200.320]. In addition, the district shall comply with state purchasing laws and local Board Policy, CH Legal and Local.

The procurement method shall be determined based on the type of goods or services to be purchased with federal grant funds. The Purchasing Specialist and Grant Manager(s) shall be responsible for selecting the appropriate procurement method for each procurement.

The district shall adhere to the *most restrictive* federal regulations, state laws, local policies and/or procedures when the guidance documents are in conflict. [CFR 200.403(c)]

Procurement Levels and Requirements

The district has developed and implemented a Purchasing Levels and Requirements Chart for non-federal and federally-funded purchases. The chart includes the following data:

- Purchase Commitment Amount
- Support [Documentation] Required
- Additional Forms Required, if any
- RFP/RFQ Requirement
- Board Approval Requirement
- Advertising Requirement

*See LWISD Purchasing Levels and Requirements

Note. The threshold shall be determined by “like-items” (commodity codes) in the aggregate over a fiscal year (September 1st through August 31st). The commodity code shall be assigned to items at the time of the order request submission and the report of the purchasing threshold status will be reviewed before the order is entered in as a Requisition/Purchase Order.

The commodity code list is a district defined list and shall be entered in the finance system (Skyward Purchasing Module Commodity Codes Table). A list of the like-items shall be maintained on the Business - Purchasing webpage.

[\[Link to Business - Purchasing Webpage for Commodity Codes List\]](#)

Procurement Methods

Micro-Purchase Procedures – Less than \$25,000

Procurement by Micro-purchase may be the most frequently used method due to the frequent purchase of goods or services that are less than \$25,000 in the aggregate. The district shall purchase goods and services under this method from among qualified vendors, but will not competitively procure the micro-purchases, unless in the aggregate in a 12-month period (fiscal year), the district exceeds federal or state law thresholds, or the district’s threshold in Board Policy CH Legal or Local.

Small Purchase Procedures - \$25,000.00 - \$249,999.99

Procurement by Small Purchase Procedures shall be used by the district when the purchase of goods or services do not exceed \$250,000, the Simplified Acquisition Threshold (CFR 200.1). The purchasing department shall require written, emailed, or faxed quotations from no less than two (2) qualified vendors for all small purchases, i.e. purchases that do not exceed \$50,000 [the state law threshold which requires a competitive procurement]. Note. The quotes can be from two (2) separate vendors within a qualified purchasing cooperative or different purchasing cooperatives to meet both the EDGAR and state law requirements for competitive procurement.

The district shall strive to obtain small purchases from qualified vendors under a Cooperative Purchasing Program [2 CFR 200.318 (e)]. Even though these cooperative purchasing programs have competitively procured the vendor contracts, the district shall compare the pricing among the vendors to select the best quality and price.

A list of the cooperative purchasing programs that the district is currently participating in are listed on the Purchasing page of the district website.

*Sealed Bid Procedures – Over \$250,000**

Procurement by Sealed Bids (formal advertising) method shall be used by the district when the purchase of goods or services exceeds \$250,000 when using federal funds if the acquisition of the goods or services lends itself to a fixed price contract and the selection of the successful bidder can be made principally on the basis of price [2 CFR 200.320 (b)(1)]. The district shall comply with the sealed bid requirements, as defined by the EDGAR, as noted below:

- Bids must be solicited from an adequate number of bidders, but no less than two (2) bidders
- Bids must be publicly advertised and bidders shall be provided an adequate amount of time to prepare and submit their bid. Local criteria shall include:
 - The district shall publicly advertise all bids in accordance with state law, i.e. at least two (2) times in two separate weeks
 - The district shall provide no less than ten (10) days for bidders to prepare and submit their bids
- Bids must contain detailed specifications to ensure that bidders have a clear understanding of the goods or services that the district is seeking to purchase
- Bids must specify the time, date, and district location where bids will be opened publicly
- Bids must be awarded based on a fixed price contract to the lowest responsive and responsible bidder. The district shall consider discounts, transportation costs, and life cycle costs only if these factors were included in the bid specifications. The district will not consider payment discounts because the district does not routinely take advantage of payment discounts.
- Bids will be evaluated, ranked, and a recommendation for award made to the School Board at a scheduled board meeting.
 - If no bidder is recommended, the district shall reject all bids and evaluate whether to modify the bid specifications to initiate a new bid process
- The district shall notify the successful bidder and process the contract documents and/or purchase orders, as appropriate
- The district shall notify all of the unsuccessful bidders to ensure that qualified bidders are encouraged to submit bids during future bid opportunities

*Note. The state regulations (TEC Chapter 44) related to competitive procurement shall be implemented at a \$50,000 threshold even though the federal regulations allow greater flexibility.

Competitive Proposal Procedures – Over \$250,000

Procurement by Competitive Proposal method shall be used by the district when the acquisition of the goods or services exceeds \$250,000 when using federal funds and does not lend itself to a fixed price contract [2 CFR 200.320 (b)(2)]. The district shall comply with the competitive proposal requirements, as defined by the EDGAR, as noted below:

- Requests for Proposals (RFP) must be publicly advertised
- The RFP shall identify the evaluation factors and their weight in awarding the proposal
- Proposals shall be solicited from an adequate number of bidders, but no less than two (2) qualified vendors
- Proposals shall be evaluated, ranked, and a recommendation for award made to the School Board at a scheduled board meeting [2 CFR 200.320(b)(2)(ii)]
 - The district shall develop an instrument to evaluate each proposal and rank the proposals based on the evaluation scores
 - The district shall evaluate each proposal by committee or no less than two (2) district staff with knowledge of the RFP specifications

- o In accordance with state law, the vendor who is ranked highest as providing the “proposal most advantageous to the district” shall be notified of the potential award
 - The district may negotiate with the vendor only as it relates to potential cost savings
 - If the district and vendor cease to negotiate, the district shall notify the vendor in writing before starting to negotiate with the 2nd highest ranked vendor.
- The district shall notify the successful proposer and process the contract documents and/or purchase orders, as appropriate
- The district shall notify all of the unsuccessful proposers to ensure that qualified bidders are encouraged to submit bids during future bid opportunities

Noncompetitive Proposal Procedures

Procurement by Noncompetitive Proposal method shall be used by the district when the purchase of goods or services is from a “sole source vendor” [2 CFR 200.320 (c)].

A sole source vendor is defined as a vendor that meets the following requirements:

- The goods or services are only available from a single source [2 CFR 200.320 (c)(2)]
 - o The district shall acquire and maintain a copy of a vendor’s sole source letter which specifies the statutory or other reason for its sole source status
 - o The district **Sole Source Request Form** shall be completed, submitted and approved with the single source proposal prior to purchase request submission. Note: Rarely allowed.
- A public exigency or emergency will not permit a delay resulting from the competitive solicitation process [2 CFR 200.320 (c)(3)]
 - o The district shall declare a public exigency or emergency prior to making such as purchase of goods or services under this method
- The granting agency or pass-through entity authorized the use of a non-competitive proposal method [2 CFR 200.320 (c)(4)]
 - o The district shall obtain written approval/authorization from the granting agency or pass-through entity.
- After solicitation of a number of sources, competition is determined to be inadequate [2 CFR 200.320 (c)(5)]
 - o The district shall determine that competition is inadequate if after two (2) solicitations of bids and/or proposal, only one vendor is responsive to the solicitations

Note. TEA has approved Education Service Centers in the non-competitive proposal category.

Other Procurement Guidelines

Vendor Preferences

In accordance with state purchasing laws, the district shall comply with the Texas Education Code (TEC Chapter 44) if the procurement guidelines are stricter under state law than federal regulations. Regardless of the procurement method, the district shall encourage small, minority, woman-owned and labor surplus area firms to compete with other qualified vendors by implementing strategies to encourage their participation [2 CFR 200.322].

As appropriate, and in accordance with 2 CFR 200.322, the district should, to the greatest extent practicable under a Federal award, provide a preference for the purchase, acquisition, or use of goods, products, or materials produced in the United States (including but not limited to iron, aluminum, steel, cement, and other manufactured products). The requirements of this section must be included in all subawards including all contracts and purchase orders for work or products under this award.

The Assistant Superintendent of Finance shall ensure that vendor preferences are included in all specifications, purchase orders and contracts, as appropriate.

Vendor Restrictions

In accordance with **2 CFR §200.216** that prohibits certain telecommunications and video surveillance services or equipment, the Assistant Superintendent of Finance and the Director of Technology and/or Assistant Superintendent of Teaching and Learning shall review and approve all telecommunication contracts for goods and services with federal grant funds to include the following:

(a) Recipients and subrecipients are prohibited from obligating or expending loan or grant funds to:

- (1) Procure or obtain;
- (2) Extend or renew a contract to procure or obtain; or
- (3) Enter into a contract (or extend or renew a contract) to procure or obtain equipment, services, or systems that uses covered telecommunications equipment or services as a substantial or essential component of any system, or as critical technology as part of any system. As described in Public Law 115-232, section 889, covered telecommunications equipment is telecommunications equipment produced by Huawei Technologies Company or ZTE Corporation (or any subsidiary or affiliate of such entities).
 - (i) For the purpose of public safety, security of government facilities, physical security surveillance of critical infrastructure, and other national security purposes, video surveillance and telecommunications equipment produced by Hytera Communications Corporation, Hangzhou Hikvision Digital Technology Company, or Dahua Technology Company (or any subsidiary or affiliate of such entities).
 - (ii) Telecommunications or video surveillance services provided by such entities or using such equipment.
 - (iii) Telecommunications or video surveillance equipment or services produced or provided by an entity that the Secretary of Defense, in consultation with the Director of the National Intelligence or the Director of the Federal Bureau of

Investigation, reasonably believes to be an entity owned or controlled by, or otherwise connected to, the government of a covered foreign country.

The district shall comply with the federal regulations related to the procurement of recovered materials [2 CFR 200.323] and the Solid Waste Disposal Act.

For all purchases that exceed the Simplified Acquisition Threshold of \$250,000 when using federal funds, the district shall perform a cost or price analysis with every procurement [2 CFR 200.324]. Secondly, all purchases that exceed this threshold shall comply with federal bonding requirements such as [2 CFR 200.326]:

- Bid guarantee from each bidder of five percent (5%) of the contract price
- Performance bond on the part of the contractor for 100% of the contract price
- Payment bond on the part of the contractor for 100% of the contract price.

The Assistant Superintendent of Finance shall be responsible to ensure that all purchases above this threshold are guaranteed with the appropriate bid guarantee, performance bond and payment bond.

All contracts shall contain the applicable provisions described in 2 CFR 200 Appendix II [2 CFR 200.327]. In addition, all contracts for services and/or goods purchased with federal grant funds shall be subjected to the same review and approval process as all other district contracts.

The district shall retain all records related to the procurement of goods and services in accordance with federal, state and local requirements. In addition, all procurement records shall be available for inspection and/or audit during the life of the records. The district shall maintain all procurement records for five (5) years in accordance with the district's Local Records Retention Schedule.

Property Standards and Management

The district shall safeguard all property (capital assets and inventory) purchased with federal grant funds under the same guidelines as property purchased with non-federal funds [2 CFR 200.310]. Additional insurance for property purchased with federal grant funds shall be acquired if specifically required by a federal grant award. The Assistant Superintendent of Finance shall oversee the acquisition of insurance for all federally funded property once notified by the Grant Manager(s) of a specific requirement

Title to federally-owned property remains vested in the Federal Government. The district must submit annually an inventory listing of federally-owned property in its custody to the Federal awarding agency. Upon completion of the Federal award or when the property is no longer needed, the district must report the property to the Federal awarding agency for further Federal agency utilization [2 CFR 200.312].

Federally-funded Capital Assets

The district has not and will not use federal grant funds to purchase real property.

If the district owns and/or purchases real property, the title to the real property acquired or improved under a federal award will vest upon acquisition with the district [2 CFR 200.311(a)].

Federally-funded Capital Assets

The district may use federal grant funds to purchase capital assets (tangible and intangible assets) and supplies if approved by the granting agency. The district shall use federal grant funds to purchase intangible property (defined in [2 CFR 200.1]). If the district purchases intangible property, the title to the intangible assets vest upon acquisition with the district [2 CFR 200.315].

The federally-funded capital assets shall be used only for the authorized purposes and shall be disposed of, at the end of the useful life or end of the grant period, in accordance with the grant award guidelines [2 CFR 200.313]. The district shall not use the federally-funded capital assets to generate program income. The purchase of capital assets shall be recorded in object code 663X in accordance with the FASRG and any local-use account codes.

Federally-funded Supplies

The federally-funded supplies shall be used only for the authorized purposes. Supplies shall include all non-assets such as consumable supplies and non-consumable inventory (equipment with a unit cost from \$1,000 to \$4,999). Any residual (unused) supplies, in excess of \$5,000 in total aggregate value, at the end of the grant program or project may be used for any other federal grant program. [2 CFR 200.314] Otherwise, the supplies shall be retained by the district or sold but must reimburse the granting agency for the district use or sale of the supplies. The district shall implement purchasing deadlines for the purchase of federally-funded supplies to ensure that residual supplies are not available at the end of the grant period or project. The purchase of supplies shall be recorded in object 639X, in accordance with the FASRG and any local-use account codes.

Capitalization Policy and Definitions

Capital Assets

The district shall utilize the same capitalization policy for non-grant and grant-funded asset purchases. The district's capitalization threshold for assets is \$5,000 per unit cost. The district has adopted the EDGAR (CFR 200.1) definitions of property as noted below:

- *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. (CFR 200.1).
- *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 non-Federal entity for financial statement purposes, or \$5,000. (CFR 200.1)
- *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. (CFR 200.1)
- *General purpose equipment* means equipment which is not limited to research, medical, scientific or other technical activities.
 - Examples include office equipment and furnishings, modular offices, telephone networks, information technology equipment and systems, air conditioning equipment, reproduction and printing equipment, and motor vehicles.
- *Information technology systems* means computing devices, ancillary equipment, software, firmware, and similar procedures, services (including support services), and related resources. (CFR 200.1)
- *Special purpose equipment* means equipment which is used only for research, medical, scientific, or other technical activities.
 - Examples of special purpose equipment include microscopes, x-ray machines, surgical instruments, and spectrometers.
- *Supplies* means all tangible personal property other than those described in §200.1 Equipment. A computing device is a supply if the acquisition cost is less than the lesser of the capitalization level established by the non-Federal entity for financial statement purposes or \$5,000, regardless of the length of its useful life. (CFR 200.1)

Acquisition Cost

The district has also adopted the EDGAR definition of Acquisition cost as noted below:

- *Acquisition cost* means the cost of the asset including the cost to ready the asset for its intended use. Acquisition cost for equipment, for example, means the net invoice price of the equipment, including the cost of any modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it is acquired. Acquisition costs for software includes those development costs capitalized in accordance with generally accepted accounting principles (GAAP). Ancillary charges, such as taxes, duty, protective in transit insurance, freight, and installation may be included in or excluded from the acquisition cost in accordance with the non-Federal entity's regular accounting practices. [CFR 200.1]

The district shall utilize the invoice cost, including all related costs, to record the cost of the equipment on the fixed asset database.

Inventory Items

The district has also defined “inventory items” as items with a unit cost between \$500 and \$4,999. These items shall have a tag affixed to the item for inventory tracking and insurance purposes only. Inventory items shall include computing devices within these costs. The district shall track these items for insurance purposes and shall conduct an annual inventory of these items to the extent possible. Purchases of inventory (taggable) shall be made from object code 6398 accounts.

Consumable Supplies

Consumable supplies shall include technology-related “walkable” or “personal use” items with a unit cost less than \$500 as the following (these items shall be tracked by the Technology Department).

- i-Pads/tablets
- Computers with a cost under \$500
- Laptop computers
- Cell phones
- MiFi or “hot spot” devices

Consumable supplies, including the walkable and personal items with a unit cost less than \$500, shall be made from object code 6399 accounts. The consumable supplies shall be tracked by the campus or department making the purchase.

Identifying and Tracking Federally-Funded Assets

Titles to federally funded equipment and supply purchases shall be retained by the district, unless otherwise notified by the granting agency [2 CFR 200.313(a)]. As district property, the district shall affix a tag, inventory, and dispose of all assets (non-grant and grant-funded) according to the district’s fixed asset procedures. The district procedures shall include the recording of all assets on a database with the following information:

- 1) **District-issued tag (or identification number)**
- 2) **Date of acquisition**
- 3) **Description of asset**
- 4) **Serial number, or other identifying number**
- 5) **Funding source, i.e. fund code**
- 6) **Federal use of asset (percentage)**
- 7) **Cost of asset (acquisition cost)**
- 8) **Use and condition of the asset (New, Used, etc.)**
- 9) **Location of asset (building and room number)**
- 10) **Owner of asset title, typically the district**
- 11) **Disposition data including the date of disposal and sale price of property**
- 12) Life of asset
- 13) Depreciation of asset

Note. Bold items are required by federal regulations (EDGAR, 2 CFR 200.313(d)(1))

Maintaining Capital Asset Inventory & Records

All federally-funded capital assets shall be maintained in an operable state. If repairs are necessary, the district may pay for the repairs of the federally-funded assets with federal grant funds, unless expressly restricted by the granting agency.

The district fixed asset procedures require an annual inventory (or more frequently if required by a granting agency) of all capital assets and reconciliation of the asset reports. [Note. Federal requirements CFR 200.313(d)(1) requires an inventory at least once every 2 years.]

The district's annual inventory of capital assets shall be conducted by an outside entity (currently RCI) along with each department head and Grant Manager(s) for federally funded purchases each fiscal year. Lost, damaged, or stolen assets shall be recorded on the fixed assets database with the date of the loss. The disposition records such as the loss report (police report for thefts) shall be maintained with the capital asset records.

In addition, the district shall track all grant-funded capital asset purchases by grant, or fund code, as appropriate. The disposal of grant-funded assets shall be in accordance with federal guidelines and grant-specific guidelines, if any. At a minimum, the disposition date, reason, and sale price of all federally-funded assets shall be recorded in the fixed assets database. [2 CFR 200.313(d)]

During the life of the asset, the district shall ensure that all assets purchased with federal grant funds are insured against loss. The costs to insure and maintain (repair) assets purchased with federal grant funds are generally allowable costs, unless specifically prohibited by a granting agency. [2 CFR 200.310]

The Assistant Superintendent of Finance shall be responsible for maintaining the fixed asset database of all district assets, including all federally-funded assets.

Cost Principles

All grant expenditures must be allowable under the Federal Cost Principles (2 CFR 200 – Subpart E), the grant application program assurances, the granting agency's policies, and the district policies and procedures.

The district shall adhere to the Cost Principles for federal grants [EDGAR SUBPART E] and any additional grant-specific cost principles. General criteria affecting the allowability of costs includes, but may not be limited to, the following: [2 CFR 200.403] and [2 CFR 200.320(b)(7)]

- Costs must be reasonable and necessary [2 CFR 200.404]
 - 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 was made to incur the cost.
 - Necessary is defined as costs needed to carry out the grant activities
- Be allocable to Federal awards [2 CFR 200.405]

- Be authorized or not prohibited under State or local laws or regulations.
- Conform to any limitations or exclusions set forth in these principles, Federal laws, terms and conditions of the Federal award, or other governing regulations as to types or amounts of cost items.
- Be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit.
- Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
- Except as otherwise provided for in EDGAR, be determined in accordance with generally accepted accounting principles.
- Not be included as a cost or used to meet cost sharing or matching requirements of any other Federal award in either the current or a prior period, except as specifically provided by Federal law or regulation.
- Be the net of all applicable credits. [2 CFR 200.406]
- Be adequately documented.

Cost Allocation Plan and Indirect Cost Rate

A cost allocation plan or an indirect (F&A) cost rate, whether submitted to a Federal cognizant agency for indirect costs or maintained on file by the district, must be certified by the district using the Certificate of Cost Allocation Plan or Certificate of Indirect Costs as set forth in Appendices III through VII, and Appendix IX. The certificate must be signed on behalf of the district by the Superintendent or the Assistant Superintendent of Finance.

All district costs with federal grant funds, whether direct or indirect, shall meet the minimum requirements of allowability as specified in the **2 CFR 200.403**. In addition, the costs must meet the general provisions for selected items of cost (**2 CFR 200.420**). Specific items not listed within these procedures shall be evaluated by the Grant Manager(s) and Finance/Business Services Department on case-by-case basis for allowability. The general cost allowability rules for specific items of cost listed within these procedures shall apply to all federal grant funds, unless more restrictive allowability rules are required by a particular federal grant award.

The district shall adhere to the more restrictive allowability rules when a conflict arises between the general allowability rules, the program-specific allowability rules, and the district's allowability rules.

The district has elected to use federal grant funds for both compensation/benefits and non-compensation expenditures.

Total Costs

The total cost of a federal award is the sum of allowable direct and allocable indirect costs less any applicable credits. [2 CFR 200.402] All refunds, rebates, discounts, or other credits to grant expenditures shall be posted to the finance general ledger as soon as the credit is known. The district shall ensure that all known credits have been posted to the general ledger prior to the drawdown on federal grant reimbursements.

The district shall post all credits [discounts, rebates, refunds, etc.] to the general ledger on a timely basis to ensure that the district does not draw-down grant expenditures in excess of actual expenditures net of all credits. Otherwise, the district may be considered to have drawn-down funds under an advanced cash method. The Assistant Superintendent of Finance shall ensure that all applicable known credits have been posted to the general ledger prior to preparing and submitting a federal grant draw-down request from the granting or pass-through entity.

Compensation & Benefit Costs

Compensation and benefits (payroll expenditures) are allowable costs for personal services rendered by district employees during the period of performance under the federal grants.

All payroll expenditures shall in accordance with federal cost principles and Department of Labor regulations, such as the Fair Labor Standards Act (FLSA). All payroll expenditures shall be paid in accordance with the federal cost principles. First and foremost, the payroll expenditures must be authorized on the grant application and the duties assigned must be directly related to grant activities.

Compensation Plan

The School Board approved Compensation Plan shall be used to compensate all district staff whether paid from local, state or federal grant funds. In addition, the district shall provide the same employer-provided benefits for all district staff whether paid from local, state or federal grant funds.

The compensation for grant-funded staff shall be allocated to the respective grant program (fund) based on the single and/or multiple cost objectives performed by the grant-funded staff. If a grant-funded staff member performs non-grant activities during the day or beyond the normal work day, the compensation for the non-grant activities shall be paid from non-grant funds. Grant-funded staff with more than one cost objective, shall comply with the Time and Effort documentation requirements. Incentive payments, such as performance, perfect attendance, safety, etc. for grant-funded staff shall be allowable with federal grant funds if they are based on the same criteria as non-federal grant funded staff.

Allowable Compensation Costs

Compensation costs shall be allowable if:

- The costs are reasonable for the services rendered and conforms to the established district compensation and benefit plans for expenditures with all other funds, i.e. local funds [2 CFR 200.430(a)(1)],
- The employees have been employed in accordance with the district's established Hiring Procedures [2 CFR 200.430(a)(2)], and

- The costs are supported by the appropriate timekeeping, absence tracking, time & effort certifications, or other documentation [2 CFR 200.430(a)(3)], as appropriate,
- Incentive compensation, such as stipends, attendance incentive, etc. are in accordance with the district's written plans for each of these incentives [2 CFR 200.430(f)].

Substitute Teachers

Salary expenditures for substitute teachers are allowable for approved teacher positions. The Grant Manager(s), campus administrators and payroll departments shall ensure that the expenditures for substitute teacher costs are budgeted and expensed from the appropriate account code(s). The School Board approved substitute pay list in the district Compensation Plan shall be used to compensate all substitute teachers whether paid from local, state or federal grant funds.

Stipends and Extra Duty Pay

Stipend and extra duty pay expenditures are allowable for authorized and approved activities. A schedule or work log shall be maintained to substantiate the stipend and/or extra duty pay.

The School Board approved stipend and extra duty pay rates in the district Compensation Plan shall be used to compensate all district staff (exempt and non-exempt) whether paid from local, state, or federal grant funds.

The Grant Manager(s), Campus Administrators, Director of Human Resources and payroll departments shall ensure that the expenditures for stipend and extra duty pay are budgeted and expensed from the appropriate account code(s). The stipend and extra duty pay rates shall be the same as the rates used for similar locally funded activities.

Allowable Benefit Costs

District costs for fringe benefits, whether paid from local, state or federal grant funds shall be allowable as noted below [2 CFR 200.431]:

- All benefit costs shall be in accordance with the district's Compensation Plan, except for any benefits that may be specifically excluded in a federal grant award
- All leave benefits shall be in accordance with the district's written Leaves and Absences Policy (DEC Legal and Local) [2 CFR 200.431(b)]
- The benefit costs shall be distributed equitably at the same allocation rate (percentage) as the base compensation
- The benefit costs were earned and paid during the grant period
- All benefit costs shall be allowable under the Internal Revenue Service, Fringe Benefits Guide (and subjected to taxes, as required by federal statute)

Non-Allowable Benefit Costs

The district shall not charge any benefit costs to a federally-funded grant if the benefit costs are not in accordance with the district's Compensation Plan, School Board Policy, 2 CFR 200.431, or other written benefit plan(s). The district has established the following as non-allowable benefit costs:

- Severance or settlement agreement payouts to current and/or previous federally-funded grant staff 2 CFR 200.431(i)
- Optional pension plans (other than the mandatory Teacher Retirement System of Texas contributions). 2 CFR 200.431(g)
- Automobile costs or allowance for an employee's personal use of a vehicle (regardless of whether the benefit is taxable to the employee] 2 CFR 200.431(f)

Documentation of Compensation and Benefit Costs

In addition, to the time and effort reporting requirements, the district shall support all compensation and benefit costs paid with federal grant funds shall be supported by the following documentation [2 CFR 200.430(i)]:

- Exempt staff
 - Employment agreement, contract, or reasonable assurance, as appropriate
 - Job description and/or addendum signed by the employee with language similar to:
Funded by Title I, Part A with the primary purpose of supporting grant activities aimed at improving academic achievement for students struggling to meet state standards. In addition, the job description/addendum shall include the funding source (fund code).
 - Absence records, if any
 - Time and Effort documentation, as appropriate (**Semi-Annual Certification**, **Periodic Time and Effort**, or the Substitute System for Time and Effort)
- Non-Exempt staff
 - Employment agreement, contract, or reasonable assurance, as appropriate
 - Job description and/or addendum signed by the employee with language similar to:
Funded by Title I, Part A with the primary purpose of supporting grant activities aimed at improving academic achievement for students struggling to meet state standards. In addition, the job description/addendum shall include the funding source (fund code).
 - Absence records, if any
 - Time and Effort documentation, as appropriate (**Semi-Annual Certification**, **Periodic Time and Effort**, or the Substitute System for Time and Effort)
 - Timekeeping records (actual work hours per workweek) in accordance with the FLSA and the district's Timekeeping Procedures.

Timekeeping Records

All payroll expenditures with federal grant funds shall comply with EDGAR regulations such as the period of performance (200.77) and compensation (200.430).

The Payroll department shall ensure that all timekeeping records are properly submitted before payroll disbursements are made to federally-funded staff. The timekeeping records for exempt staff may include supplemental pay sheets for additional assignments such as summer school, tutoring, professional development, etc.

The timekeeping records for non-exempt staff shall comply with the FLSA [2 CFR 200.430(i)(3)]. Specifically, all non-exempt work hours must be submitted in accordance with the **Time Sheet & Time Clock Manual** and recorded through the district's timekeeping system, Skyward.

The Grant Manager(s), District PEIMS Director, HR Director and HR/Payroll Manager shall work collaboratively to ensure that the Role ID and salary object codes reflected on the grant application (Payroll Summary) are consistent with the HR, payroll, finance, and PEIMS records.]

Approval of Payroll Expenditures

The process of approving payroll expenditures from grant funds shall be a collaborative process between the campus or department, Human Resources, Grant Manager(s), Finance and Payroll departments. Each campus and/or department plays an essential role in ensuring that all federal grant requirements are met.

Selection of Grant-Funded Staff

The Grant Manager(s) shall work collaboratively with the appropriate stakeholders (campuses and departments) to identify all staff needed to accomplish the grant activities. The Grant Manager(s) shall work collaboratively with the Human Resources and Payroll departments to obtain estimated salaries for proposed grant-funded staff prior to the completion of the grant application.

New Positions

New grant-funded positions shall be created only when a job description has been developed and approved by the Human Resources and the Grant Manager(s). The Grant Manager(s) shall ensure that the position is approved on the grant application and that adequate funds exist to fill the position.

The finance and payroll departments shall be notified to ensure that the position is budgeted on the general ledger and the position is paid using the correct payroll account distribution codes.

New Hires

New staff hired for work in positions that are wholly or partially funded with federal grant funds, shall be hired when a position and funding are both available. Upon separation of an employee, the home campus or department of the position shall initiate a request to replace the position.

The Grants Manager(s) will work with the Human Resources Dept to ensure that the position is still authorized and necessary. Changes to the job description, if any, shall be made at this time. The Finance department and/or grants management shall review the request to ensure that adequate funds exist in the appropriate account code(s). After approval from the grants management and Finance department, the Human Resources department shall advertise the position.

Upon employment, the new hire shall receive and sign a copy of his/her respective job description/addendum to include the grant funding source. [NOTE: If the position is funded with a short-term grant fund, the employee shall be notified in writing when the grant funding will lapse, especially if their position will lapse at the end of the grant period.]

Transfer of Personnel

When staff in a position funded with grant funds is recommended for transfer to another campus, department, or assignment, the Grants Manager(s), Human Resources Department staff, and Finance Departments including payroll shall work collaboratively to ensure that the appropriate staff allocations and funding changes are made at the time of the transfer. The home campus or department shall initiate the request for the transfer, especially if it is a teaching assignment change to another campus. The grants management, human resources, and finance departments including payroll must evaluate the requested transfer to ensure that the staff allocations, Highly Effective staff requirements, and funding source changes are in compliance with grant requirements and activities.

Job description for all grant funded staff

The HR Director shall develop and distribute a job description to all district staff that is wholly or partially funded with grant funds. The job description shall include the funding source(s) and the job duties as they relate to the grant position. The grant-funded staff shall sign the job description at employment and on an annual basis, or at a minimum, when the funding source, job title or other change occurs in the employment or assignment of the staff member.

Roster of all grant funded staff

The Grant Manager(s) shall maintain a roster of all grant funded staff to include the position title, annual salary, and funding source(s) by percentage.

The home campus or department, human resources, and finance departments including payroll shall work collaboratively to ensure that the roster accurately reflects that data maintained in their respective area of responsibility.

The review of the roster shall include, but not be limited to the following:

- 1) Campus or department – ensure that the grant funded staff are assigned in the position title as noted on the roster. The master schedule or assignment of instructional staff must support the position title and funding source.
- 2) Human Resources – ensure that the position title and salary are correct as noted on the roster. In addition, the HR department shall ensure that each grant funded staff member has a signed job description on file for the position title noted on the roster. And, the HR department shall ensure that all grant-funded staff meet the state’s Certification or are Highly Effective, as appropriate.

- 3) Finance – ensure that the funding source(s) and salary are correct as noted on the roster. In addition, the finance department shall ensure that the payroll distribution account code(s) are in accordance with the FASRG.
- 4) Grant Manager(s) – ensure that the positions are authorized on the grant application and that the PEIMS Staff Data submitted to TEA is consistent with the position title, Role ID and object code.

The review shall occur on at least an annual basis at the beginning of each school year.

Budgeting of grant funded staff

Using the grant funded staff roster, the percentage of time in each funding source shall be utilized by the Grant Manager(s) and finance departments to create and enter the salary portion of the grant budget. The percentages shall also be utilized by the payroll department to enter the payroll distribution account code(s).

In addition, the Grant Manager(s) shall ensure that the Grant Personnel Schedule of the grant application matches the budget and payroll account code(s).

The Grant Manager(s), payroll and finance departments shall work collaboratively to adjust the budget and payroll account code distributions of grant funded staff if the time and effort documentation consistently reflects that the percentage(s) across the funding source(s) is not a true reflection of the normal work schedule.

Time and Effort Documentation

District staff funded wholly or partially with federal grant funds shall comply with federal guidelines related to time and effort. The grant funded staff, their immediate supervisors, Grant Manager(s), human resources, payroll and finance departments shall be aware of the federal guidelines related to time and effort documentation. On at least an annual basis, all impacted staff shall be trained by the Grant Manager(s) and/or attend appropriate training from an outside source.

The district shall collect and monitor time and effort documentation for district employees only. Time and effort documentation does not apply to Independent Contractors.

The district shall comply with all federal time and effort documentation guidelines. The following requirements shall apply to all district staff funded wholly or partially from federal grant funds, including staff funded through non-federal grant funds as part of a cost sharing or matching requirement.

Time and effort requirements for staff funded 100% from one grant (or working 100% of their time on a single cost objective)

The staff funded 100% from one grant source or working on one single cost objective do not have to maintain periodic time and effort records. However, all employees must certify in writing, at least semi-annually, that they worked solely on the program for the period covered by the certification and completed after-the-fact. The employee and his/her immediate supervisor must sign the **Semi-Annual Certification Form**.

The timeline for semi-annual certifications shall be once per academic semester to coincide with employment assignment. The immediate supervisor shall submit all signed semi-annual certifications to the Grant Manager(s) as noted below:

- 1) 1st Certification – due 1 week after the end of the first semester
- 2) 2nd Certification –due 1 week after the end of the second semester or last working day of employee
- 3) 3rd Certification - if applicable, due 1 week after the end of the Summer work period.
 - a. Submission of extra duty pay form is acceptable alternative documentation.

The Grant Manager(s) shall collect and review all Semi-Annual Certification Forms. Any certifications that reflect a percentage other than 100% shall be forwarded to the payroll/finance department for adjustment of the grant payroll expenditures for the certification period. NOTE: Steps should also be taken to ensure that the staff member's work schedule is adjusted to 100% grant related, or is changed from the semi-annual certification method to time and effort reporting. The Grant Manager(s) shall maintain the certifications for audit purposes.

The HR/Payroll Manager/Business Manager shall prepare a payroll adjustment or journal ledger entry to correct the account distribution code(s) as appropriate. The HR/Payroll Manager/Business Manager shall post the entry to the finance general ledger.

Time and effort requirements for staff split funded (funded from more than one (1) cost objective and/or grant programs) - Use of Periodic Activity Report (PAR)

Periodic Activity Report (PAR) applies to employees who work under more than one cost objective.

These employees are required to maintain a **Periodic Activity Report** or to account for their time under a substitute system. The district has not applied for, nor been approved by the Texas Education Agency to use the Substitute Time and Effort System; therefore, employees must prepare **Periodic Time and Effort Worksheet** at least monthly to coincide with the district pay periods. The worksheet shall include the date, grant source, percentage worked in the grant source per day and the summary for the month (or pay cycle). Such reports must reflect an *after-the-fact* distribution of 100 percent of the *actual* time spent on each activity and must be signed by the employee and their immediate supervisor. Charges to payroll must be adjusted to coincide with preparation and submittal of the interim expenditure report required for TEA discretionary grants.

The timeline for time and effort reports shall be once per month to coincide with the monthly payroll cycles as noted below:

- 1) Monthly payroll [26th of the month] – Time & Effort reports are due by the 10th for the prior month.
- 2) Semi-monthly payroll [10th & 26th of month] – Time & Effort reports are due by the 10th for the prior month.

The employee or immediate supervisor shall submit all signed time and effort reports to the applicable Grant Manager(s).

The Grant Manager(s) review shall consist of the following:

- 1) A review of the time and effort reports to compare the summary percentage of grant-related work per funding source to the budgeted percentage utilized to charge the monthly (or semi-monthly) payroll charges
- 2) A test sampling of staff assignments, i.e. master schedule, duty schedule, etc. to verify the percentage of grant-related work per funding source
- 3) If the time and effort report reflects the same percentage, the report may be filed for audit purposes
- 4) If the time and effort report reflects a different percentage, the report shall be reconciled to reflect the correct payroll charges by grant funding source and forward the reconciliation to the finance department for adjustment of the payroll charges on the general ledger.

The HR/Payroll Manager shall prepare a journal entry to reclassify the expenditures as noted on the reconciliation of the time and effort report(s). According to federal regulations, the final amount charged to each grant award must be accurate, allowable, and properly allocated. Costs charged to federal awards to reflect adjustments made as a result of the activity actually performed may be recorded annually if the quarterly comparisons show the differences between budgeted and actual costs are less than 10%. The variances shall be posted prior to the final expenditure report. NOTE: The business services department should use caution to avoid excess drawdown of grant funds due to unallowable payroll costs if timely adjustments to the general ledger are not posted prior to the drawdown of funds.

Time and Effort Substitute System

The US Department of Education (USDE) and the Texas Education Agency (TEA) have authorized the use of a substitute system for time and effort.

The district has not opted to use the Time and Effort Substitute System at this time.

Non-Payroll Costs

Non-payroll costs are defined as expenditures other than salaries and benefits. Direct non-payroll expenditures include contracted services, supplies, travel, and equipment. The expenditure of federal grant funds for non-payroll costs shall adhere to the district's purchasing policies and procedures. In

addition to the normal purchasing process, all grant funds must be approved by the Grant Manager(s) for each respective grant program, as appropriate.

All purchases with federal grant funds shall be in accordance with the **Purchasing Manual**.

Purchase Requisitions

Purchase requisitions must be itemized with detailed descriptions, prices, delivery details, delivery/completion date, detailed vendor info, bid number, or quote information (where applicable), along with justification, terms, and conditions critical to the order. Requisitions submitted without adequate detail will be returned to the originator.

Purchase Orders

The primary method for all purchases is to issue a Purchase Order. Once issued by the district and accepted by the vendor, the Purchase Order is a binding written agreement between the District and the Vendor.

Credit Card Purchases with Grant Funds

The district may choose to use purchase cards (credit cards) for federal grant purchases. 2 CFR 200.320(a)(1)(ii).

The district will use district-issued credit cards to make purchases with federal grant funds. District credit cards are not issued until an approved purchase order has been issued. An original, detailed receipt shall be required to be submitted to Business Services for all credit card purchases. If the purchaser does not submit an original, detailed receipt for audit purposes, the expenditure and/or reimbursement may not be charged to a federal fund. At no time shall district credit cards be used to withdraw cash.

Fraudulent credit card purchases made with federal grant funds shall be grounds for disciplinary action, up to and including termination of employment. The appropriate legal authorities shall also be notified by the Assistant Superintendent of Finance for criminal prosecution, as appropriate. Accidental use of a credit card to make an unauthorized purchase with federal grant funds may be subject to similar disciplinary action but shall require immediate (within 2 days from date of discovery) restitution to the district. [Note. The fraudulent or accidental charges may not be charged to a federal grant fund, nor drawn-down as allowable expenditures.]

Petty Cash Purchases with Grant Funds

The district shall not use a petty cash account to make purchases with federal grant funds.

NOTE: The district shall not reimburse any purchases made with personal cash funds, except for travel-related expenditures, as appropriate.

Approval of Purchase Orders

The district shall utilize the Skyward Purchasing Module to manage the expenditure of all federal grant funds unless other methods such as credit cards, petty cash, direct payments, etc. are authorized in the district's operating procedures.

The approval levels noted below are part of the Skyward Purchasing Module approval path.

The district shall adhere to the normal approval path for purchase orders with non-grant funds. In addition, all purchase orders with grant funds shall be reviewed and approved by the appropriate Grant Manager(s). The Grant Manager(s) and Purchasing Specialist shall ensure that all purchase orders have been competitively procured as required by law; and, that the expenditure (PO) has been approved by the governing body, as appropriate [Note. School Board Policy CH Local has established the threshold of contract approval by the School Board at \$25,000.]

Contracts/purchases that are approved by the School Board shall also meet the Form 1295 Certificate of Interested Parties filing instructions. The vendor shall provide a notarized Form 1295 prior to the issuance of a purchase order. After approval of the purchase order and/or contract, the Purchasing Specialist shall access the Texas Ethics Commission website to acknowledge the Form 1295.

The Grant Manager(s) review of purchase requisitions/purchase orders shall consist of the following:

- 1) The expenditure is *reasonable* and *necessary* (as defined in federal grant guidelines). (NOTE: A test of whether an expense is necessary may include the verification that the expenditure is to perform a strategy or activity in the District or Campus Improvement Plans.)
- 2) The expenditure is not required by state law or local policy.
- 3) The expenditure has been approved in the grant application, if specific approval is required from the granting agency
- 4) The expenditure meets the allowable costs principles.
- 5) The expenditure is allowable and approved in the grant application and is consistent with the grant purpose
- 6) The expenditure is supplemental and not supplanting a local expenditure when applicable (NOTE: Refer to compliance issues related to supplement and supplant for additional guidance.)

Purchase Order Deadline(s)

In an effort to meet all obligation and liquidation requirements of grant funds, the district has established district purchase order deadline(s). These deadline(s) shall be adhered to by all purchase order originators. A campus principal or department head may impose an earlier deadline for their respective campus or department.

Receipts of Goods and/or Services

No payment shall be made to a vendor for goods and/or services unless the receipt of the goods and/or services have been verified and documented by the warehouse receiving clerk, secretary or Grant Manager(s).

The district receives all goods under a centralized receiving system. The warehouse receiving clerk shall receive, open, and verify the receipt of all ordered goods. Signed documentation and packing lists, if any, shall be forwarded to the Accounts Payable Specialist for payment.

For acceptance of services, the requester shall inspect that the work has been accomplished according to the agreed upon terms and conditions and scope of work.

All shipment errors such as shortages, overages, damages, etc. shall be reported by the warehouse receiving clerk to the Accounts Payable Specialist and secretary/requester. The secretary/requester shall address and resolve the issues with the vendor.

Non-Purchase Order Purchases

The district shall utilize non-purchase order methods to obtain goods such as employee reimbursements as authorized in the district's business procedures. All of the purchases shall be subject to approval by the originator (campus principal or department head), Business Services, and Grant Manager(s).

Approval of Disbursements/Expenditures

The Accounts Payable Specialist shall adhere to the district Accounts Payable practices for all check disbursements. Specifically, all checks issued by the district shall be verified, recorded, approved, issued, and reconciled by multiple individuals to ensure segregation of duties. The same procedures shall be used to issue payments to vendors from local, state and federal grant funds.

Payments for goods and services shall be made within thirty (30) days of receipt of the goods and/or services and an invoice in accordance with the Texas Prompt Payment Act.

In addition to the normal approval path of district expenditures, all grant expenditures shall be approved by the campus/department administrator and/or the applicable Grant Manager(s) under the following circumstances:

- 1) Invoice amount exceeds the purchase order by 10%
- 2) Payment of an invoice will be paid by an account code(s) other than the original account code(s) that were used to encumber the purchase order
- 3) Travel expenditures, if not encumbered through the purchase order system
- 4) Non-purchase order payment such as reimbursement, etc.
- 5) Reclassification of a prior expenditure from one account code(s) to another

Selected Item of Cost – Contracted Services

Contracted services generally include services provided by a non-district employee. On rare occasions, a district employee may meet the Internal Revenue Service (IRS) rules for an independent contractor. To ensure compliance with the IRS worker classification regulations, the final worker status classification shall be reviewed and approved by the Director of Human Resources and/or Assistant Superintendent of Finance before the worker begins services.

All contracted services shall be in compliance with the Professional Services Costs federal regulations [2 CFR 200.459]. Federal regulations require that professional and consultant services be rendered by individuals of a particular professional or that possess a special skill who are not employees of the district.

Contract Review and Approval

All contracts and professional services agreements funded with federal grant funds shall be reviewed and approved in accordance with the district policies and procedures for all non-grant funds.

The Superintendent shall review and approve all contracts.

Federal Regulations Review

The Grant Manager(s) and Finance/Business Services Department shall review and approve all contracted/consultant services agreements for compliance with federal regulations regarding professional service costs (2 CFR 200.459). The contract review shall consist of the following:

- 1) Consultant and/or contractor has not been suspended or debarred
- 2) The contract and/or funds have been approved in the grant application, if specific approval is required from the granting agency
- 3) The contract's nature and scope of service is directly related to the federal grant award activities [2 CFR 200.459(b)(1)]
- 4) The past pattern of costs, particularly in the years prior to federal awards [2 CFR 200.459(b)(3)]
- 5) The contract does not contain any proposal costs [not allowable under federal regulations
- 6) Whether the proposed contracted services can be performed more economically by direct employment rather than contracting [2 CFR 200.459(b)(6)]
- 7) Capability of the proposed vendor to perform the required services
- 8) The qualifications of the contracting firm or individual and the customary fees charged by the proposed vendor [A Resume, Vita or Statement of Qualifications shall be required for all contracts with Independent Contractors.] **[2 CFR 200.459(b)(7)]**
- 9) The contract and/or consultant agreement meets the allowable costs principles.
- 10) A contract subject to Davis Bacon has the appropriate contract language

- 11) The contract and/or consultant agreement fee for services do not exceed any federal grant or local limits

The final approval authority for all contracts shall be the Superintendent, unless the contract is over \$25,000, then the final approval authority shall be the Board of Trustees through approval at a regularly scheduled or special board meeting.

Contract Form and Required Contract Provisions

Unless the contractor provides a contract form, the district shall utilize the **Consultant Service Contract** to execute a contract for services. The agreement (contract) shall include the following at a minimum, but may include other contract provisions, as appropriate.

- Services to be provided
- Service date(s)
- Contract Rate of Pay – Hourly, Daily, or Flat Amount
- Contract Term – Days, Months or other term length
- Fingerprinting/Senate Bill 9 Compliance
- Independent Contractor Status
- Certificate of Insurance Requirements
- Indemnification clause
- Confidentiality
- Termination clause
- Governing law
- Signatures

All district contracts for professional services to be funded through a federal grant award shall comply with the following provisions as recommended in the Texas Education Agency's Guidance and Best Practices for Professional Services Contracts:

- The contract is only effective as of the date the application for a discretionary/entitlement grant is submitted to TEA
- For all other grants, The contract is only effective upon receipt by the district of the NOGA from the awarding agency.
- The contract period is aligned to the grant period of availability as stated on the NOGA from the awarding agency (period of availability).
- All services will be completed during the effective dates of the contract.
- All services will be invoiced routinely after services are received and paid upon verification of receipt of services.
- The regulations for procurement in 2 CFR 200.318-327 are followed in issuing the contract.
- All professional services provided under the contract will follow the provisions of 2 CFR 200.459 Professional service costs.

- The purchase order associated with the contract identifies the funding sources 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.
- The contract identifies and lists only reasonable, necessary, and allocable services to be provided during the period of availability of the funding sources listed in purchase order associated with the contract.
- The administrative costs charged to the grant in the contract must comply with any limitations for administrative costs for funding sources (if applicable).
- The invoice provided by the contractor should include the list of services provided, dates of services, and location(s) where services were provided during the billing period.
- The contract shall not have multi-year extensions without a “non-appropriation of funds” cancellation clause
- The contract extensions, if included, shall restrict the contract renewals and/or extensions to either a “sole discretion of the district” or “mutual agreement” and not an “automatic renewal”.
- All products created as a result of the district shall be vested in the district and the district shall retain all intellectual property rights

Contractual Obligation

The date the district executes (signs) a contract for professional services shall be defined as the “obligation date”. The district cannot obligate federal grant funds, except during the grant period in compliance with EDGAR 34 CFR 75.703, the district shall not execute a contract prior to, or after, a grant period; otherwise, the costs of the professional services shall be unallowable under the federal cost principles.

The district shall execute a **Letter of Intent to Contract** with a third party prior to the issuance of a Notice of Grant Award (NOGA), as deemed appropriate.

Selected Item of Cost – Travel Expenditures

The district shall allow the use of federal grant funds for travel costs. All travel-related expenditures from grant funds shall comply with the allowable federal cost principles [2 CFR 200.475], the State Tex-Travel Guidelines, School Board Policy (DEE Legal and Local) and the district’s **Travel Guidelines and Procedures**.

The allowable rates of reimbursement shall be the lesser of the federal rates or local rates. The district has elected to use a set mileage rate as established by the General Services Administration (GSA).

The travel-related expenditures with grant funds shall fall within the grant obligation period, unless a specific exception is allowable by the granting agency.

NOTE. No travel expenditures shall be recorded on the general ledger for a federal grant fund until AFTER the travel event has occurred and the actual travel expenditures are known and supported by documentation.

Travel Expenditures with Grant Funds (Staff)

The district shall reimburse federal grant-related travel expenses that are reasonable and necessary. Each official and employee of the district has a responsibility to limit travel to purposes that are clearly essential, directly related to federal grant activities, and to consider the most economical means of accomplishing travel. Travelers are encouraged to evaluate the options: driving versus flying, carpooling instead of flying, sharing of rooms when feasible.

The following guidelines shall apply to the expenditure of grant funds for staff, student and/or parent travel, as appropriate.

- All travel expenditures shall be reasonable and necessary to carry out the federal grant activities
- A completed **Travel Authorization** for all travel expenses
- Submission of a purchase requisition for all anticipated travel expenditures to encumber the anticipated expenditures
- Submission of documentation and receipts to support *actual* travel expenditures within 10 business days of the travel event, as required by the travel procedures
- Travel expenses shall not be recorded as travel expenses in a federal grant fund until “after the travel event” in compliance with the Obligation Rules.
 - The district will record travel expenses, if any, as “pre-paid expenses (1410)” until after the travel event in the respective federal grant.
 - After the travel event, the prepaid expenses shall be posted as expenses to a 64XX account via general journal.
 - After the travel event, the actual costs that were not pre-paid shall be posted as expenses to a 64XX account.

Travel Expenditures with Grant Funds (Students)

Educational field trip expenditures require pre-approval from the federal granting agency or pass-through entity. Requests for educational field trip travel shall be submitted to the Grant(s) Manager using the **TEA Division of Grants Administration Request for Specific Expenditure Approval: Educational Field Trips** for TEA-administered federal grants or the federal granting agency, as appropriate.

Allowable Travel Expenditures

- Registration fees – registration fees shall be allowable if the event is directly related to grant activities. Registration fees may be expensed only during the grant period as travel expenditures (64XX). In accordance with TEA guidance, the district may pay for registration fees as contracted services (6298) before the travel event. The district has elected to expense registration fees using

a contracted services account. Recreational or social events subject to an additional fee, above and beyond the registration fee, shall not be allowed with local, state, or federal grant funds.

- Meals – meal expenses for overnight travel (in accordance with local travel guidelines) shall be allowed for district employees and students. Non-overnight travel meals expenses shall not be allowed. The district shall pay the meal expenses, subject to the GSA limits or local limits, through use of the district credit card (referred to as Travel Card or T-card) in accordance with the district **Travel Guidelines and Procedures**. The traveler shall submit a completed **Travel Authorization** with the detailed receipts for work-related meals. The meal per diems shall be adjusted in accordance with IRS regulations regarding the day of departure/return and meals provided as part of the registration fee.
- Lodging – lodging expenses for overnight travel (in accordance with local travel guidelines) shall be allowed if reasonable, necessary and directly related to federal grant activities. The district shall pay for lodging expenses up to the GSA limits with federal grant funds. The district shall pay the actual cost of lodging in excess of GSA limits only with local funds. Receipts shall be required for all lodging expenses.
- Transportation – transportation expenses shall be allowed for *reasonable* expenses such as flights, rental car, taxi, shuttle, mileage reimbursement, etc. (in accordance with local travel guidelines) and federal grant regulations [2 CFR 200.475(e)]. Receipts shall be required for all transportation expenses to the extent that a receipt is available. Transportation expenses shall be reasonable, necessary and limited to the guidance in the cost principles.

Unallowable Travel Expenditures

The following travel expenditures shall be unallowable with federal, state and local funds:

- Supplies and/or other conference resources. This type of expense may be allowable as a supply expenditure if a purchase order is submitted and approved before the travel event, typically an Open PO not to exceed a specified amount.
- Alcoholic beverages
- Entertainment expenses, such as in-room movies, fee-based hotel amenities such as gyms, spas, etc.
- Expenses for spouses or other non-district employees
- Expenses due to the traveler's failure to cancel a registration or travel arrangements (except for extenuating circumstances – if allowed due to extenuating circumstance only local funds may be used for the expenses)
- Hotel Internet charges (unless expense is work-related and pre-approved on travel authorization – if allowed, the charges shall be expensed to local funds)
- Travelers who submit fraudulent travel reimbursement requests shall be subject to disciplinary action, up to and including termination of employment.

In addition, in accordance with EDGAR, no federal, state or local funds shall be used for travel expenditures of non-district staff such as spouses. "Family-friendly" travel costs such as dependent care

costs [2 CFR 200.475(c)(1)] may be allowable with federal grant funds under EDGAR; the district shall not allow any “family-friendly” travel expenditures with federal grant funds.

Out-of-State Travel

Out-of-state staff travel expenditures require pre-approval from the federal granting agency or pass-through entity. Requests for out-of-state travel shall be submitted to Grant Manager(s) using the **TEA Division of Grants Administration Request for Specific Expenditure Approval: Out-of-State Travel** prior to the travel event. The district shall allow out-of-state travel with federal grant funds only when pre-approval is acquired.

Review and Approval of Travel Expenditures

The Business Manager shall review and approve all travel-related expenditures paid with federal grant funds if the expenditure is referred by the Grant Manager(s) for secondary approval.

The Business Manager and/or Grant Manager(s) review shall consist of the following:

- 1) The traveler has documented a valid reason for the travel which is consistent with the grant guidelines and purpose
- 2) All original, detailed receipts include an itemized list of what was purchased
- 3) The travel expenditures meet the allowable cost principles.
- 4) The travel is not for the Superintendent or other individuals (non-employee such as family members, School Board, etc.).
- 5) The travel is for students during an educational field trip or other approved activity in accordance with grant guidelines and purpose
- 6) The travel is not for a contractor or consultant for *their* professional development
- 7) The travel was approved by the granting agency, as appropriate (for example: out-of-state and educational field trip travel)

Financial Monitoring and Reporting

The district shall ensure that all grant funds are consistently monitored throughout the grant period [2 CFR 200.329]. The monitoring shall include, but not be limited to:

- Compliance with federal requirements such as cost principles, audit, reporting requirements, etc.
- Compliance with account coding in accordance with the FASRG
- Monitoring of grant expenditures are properly documented and meet all allowable costs
- Monitor grant performance such as internal controls, audit findings, over/under expenditures, etc.
- Implement strategies to deter, mitigate, and eliminate waste and fraud in the expenditure of grant funds

Monitoring of Grant Purchases and Expenditures

The Grant Manager(s) shall monitor the expenditures during the grant period to ensure that the funds are spent in a systematic and timely manner to accomplish the grant purpose and activities.

The district shall maintain documentation to support all grant expenditures and provide the documentation upon request to the district's external auditors, granting agency or other oversight agency, as appropriate.

In accordance with 2 CFR 200.329(b)(1): the non-Federal entity [district] must submit performance reports at the interval required by the Federal awarding agency or pass-through entity to best inform improvements in program outcomes and productivity.

The Grant Manager(s) shall be responsible for compiling and submitting all federal program performance reports as required by the federal granting or pass-through agency.

Auditing findings or deficiencies shall be addressed in a timely manner upon receipt of the notification. The Finance/Business Services and Grant Manager(s) shall work collaboratively to develop and implement a Corrective Action Plan to resolve the findings or deficiencies. The Superintendent, or designee, shall approve the Corrective Action and monitor the timely implementation of corrective strategies.

The district shall disclose to the granting agency if any federal grant funds have been subject to fraud to district staff and/or contractors (vendors) [2 CFR 200.113 Mandatory Disclosure]. Corrective actions, as appropriate, shall be implemented to remedy the loss of grant funds due to fraud.

Draw-down of Grant Funds

The Assistant Superintendent of Finance shall strive to draw-down federal grant funds on a monthly, or at least quarterly basis. TEA requests that LEAs make timely draw-downs to ensure that funds are being used and that grant activities are being met throughout the grant period. The draw-down shall be for all allowable and documented expenditures to date, less grant funds received to date, as verified by a financial general ledger.

The district has opted to operate under the cash reimbursement program guidelines; therefore, the district shall submit a draw-down of federal grant funds only when the following has occurred:

- The expenditure has been made as evidenced by distribution of a paycheck to a grant funded staff member or mailing, e-paying, or delivering a payment to a vendor.
- Monthly payroll liability payments such as federal taxes, Social Security/Medicare taxes, Teacher Retirement System, wage garnishments, and insurance/elective deductions have been distributed, as appropriate.

- Accrued wages (2161) and accrued liabilities (2211) shall be deducted from the expenditures reflected on the general ledger. [The accrued wages and liabilities represent future disbursements.]

At no time shall the district draw-down any “advanced” cash payments.

Initiation of Draw-Down Request for Reimbursement

The draw-down of grant funds from the granting agency shall be initiated by the Assistant Superintendent of Finance. A detailed summary general ledger of each grant fund should be generated to determine if the district is entitled to draw-down funds, i.e. if the granting agency owes the district any funds. If the district has funds available for draw-down, a detailed general ledger should be generated and forwarded to the Grant Manager(s) for his/her review and approval.

If a grant has a matching requirement, the district shall draw-down only the allowable amount after verifying compliance with the level of matching expenditures.

Review and Approval of Draw-Down Request for Reimbursement

The Assistant Superintendent of Finance and Grant Manager(s) review shall consist of the following:

- 1) A review of the detailed general ledger for any unusual charges or reclassification of expenditures
- 2) Monitor the expenditures-to-date to ensure that the grant funds are expended on a timely basis throughout the grant period.

If additional documentation of an electronic draw-down is required by the granting agency, the Assistant Superintendent of Finance shall comply with the additional requirements and respond to the request within the allotted time to avoid designation as a “high risk” grantee.

Note. TEA issues a Risk Assessment to each district on an annual basis. The district’s most recent Risk Assessment is “Medium”. [2021-2022 issued 7/7/21]

The Grant Manager(s) shall be responsible to ensure that the requested draw-down amount does not exceed the allowable grant-specific draw-down amount. The Grant Manager(s) shall also be responsible for submitting an application amendment if the allowable grant-specific draw-down amounts have been exceeded.

Final Draw-Down Request for Reimbursement

The final draw-down of grant funds from the granting agency shall be made within the allowable time frame. Unless the Federal awarding agency or pass-through entity authorizes an extension, a non-Federal entity must liquidate all obligations incurred under the Federal award not later than 90 calendar days after the end date of the period of performance as specified in the terms and conditions of

the Federal award [2 CFR 200.343(b)]. The grant liquidation guidelines shall be adhered to in making final payment for all goods and services received and *placed into service* before the end of the grant period.

The final draw-down process shall be the same as a monthly or periodic draw-down, except that all refunds, rebates, credits, discounts, or other adjustments to the general ledger must be recorded in the general ledger prior to submitting the final draw-down request. The final draw-down shall be reviewed and approved in the same manner as a periodic draw-down. Note: There shall be no outstanding purchase orders or pending liquidations at the time of the final draw down of grant funds.

The district shall promptly refund any balances of unobligated cash that the Federal awarding agency or pass-through entity paid in advance or paid and that are not authorized to be retained by the district for use in other projects [2 CFR 200.343(d)].

Certification of Draw-Down Requests for Reimbursement

Federal regulations (CFR 200.415) require that the district certify the accuracy of the annual and fiscal reports or vouchers requesting payments be signed by the authorized individual(s). The Assistant Superintendent of Finance shall certify every draw-down of funds, including the final expenditure report (draw-down of funds) via electronic certification of the Expenditure Reporting Application in TEAL.

Missed Deadline for Draw-Down Requests for Reimbursement

If a final draw-down deadline is missed, the Assistant Superintendent of Finance shall contact the granting or pass through agency to determine if a process exists to request a filing deadline extension. NOTE: TEA has developed procedures to request an extension for filing expenditure reports. The request form must be completed, signed by the Superintendent, and filed with TEA within 30 days of the final expenditure report deadline.

Recording Draw-Down Requests for Reimbursement Receivables

The receivable from the granting agency shall be recorded in the general ledger. At the fiscal year end, any State grant receivables shall be recorded to object code 1241 and federal grant receivables shall be recorded to object code 1242 if revenue has not been received by the last day of the fiscal year (August 31st). The same process for preparation and posting of the general ledger entry as a periodic draw-down shall be adhered to. NOTE: The revenues realized and the expenditures should be equal at the time of the final draw down of grant funds.

Receipt of Grant Funds

The district shall record all grant fund receivables upon receipt from the granting agency. The receipt of grant funds shall be posted to the general ledger to the appropriate receivable account code. In the event that the grant funds received do not match the recorded receivable, the Assistant Superintendent of Finance shall contact the granting agency to determine the discrepancy. If the granting agency has reduced and/or increased the grant funds paid to the district, a general ledger adjustment shall be

posted to the appropriate revenue and receivable accounts. The Assistant Superintendent of Finance shall notify the Business Manager to prepare the adjusting journal ledger entry and post the entry to the finance general ledger.

The district shall not maintain grant funds in a separate bank account. The district has elected to draw down federal grant funds under the advanced cash reimbursement program guidelines, i.e. after the delivery of the payment to the payee. Bank account interest shall not be earned, recorded, nor returned to the granting agency as a result of the cash reimbursement program.

Tracking and Recording Receivables

On a regular basis, the Finance/Business Services department shall review all pending receivables. Aged receivables, defined as greater than 60 days from the date of recording, shall be investigated and resolved by contacting the granting agency. The Assistant Superintendent of Finance shall be notified if aged receivables are not resolved within 90 days of recording the receivable.

Grant Compliance Areas

The district shall ensure that it is in compliance with all provisions and assurances of all grant programs. In addition, the district shall comply with grant requirements such as *supplement not supplant*, comparability, indirect cost, and maintenance of effort spending levels.

Supplement, Not Supplant

The term supplement, not supplant, is a provision common to many federal statutes authorizing education grant programs. There is no single supplement, not supplant provision. Rather, the wording of the provision varies depending on the statute that contains it.

Although the definition may change from statute to statute, supplement not supplant provisions basically require that grantees use state or local funds for all services required by state law, State Board of Education (SBOE) rule, or local policy and prohibit those funds from being diverted for other purposes when federal funds are available. Most federal funds must supplement—add to, enhance, expand, increase, extend—the programs and services offered with state and local funds. Most federal funds are not permitted to be used to supplant—take the place of, replace—the state and local funds used to offer those programs and services. [TEA Supplement, Not Supplant Handbook, 2019](#)

The district process to ensure that all grant funded activities are supplemental shall be a collaborative effort between the Grant Manager(s) and Finance/Business Services departments. Both departments shall receive training and be aware of the supplement not supplant provisions.

The Grant Manager(s) shall review and approve all purchase orders and non-purchase order payments. The review shall include a determination if the planned purchase and/or expenditure meet one of the following guidelines:

- 1) The grant funds will be used to enhance, expand, or extend required activities. Examples may include before/after tutoring, additional research-based instructional programs, or other supplemental expenditures not required by state law or local policy.
- 2) The grant funds will be used for specific grant activities included the grant application that are above and beyond the activities funded with local funds
- 3) The grant funds will be used to supplemental grant activities as noted on the DIP or a CIP.

Program-specific supplement not supplant provisions shall be complied with in addition to the overall federal fund requirements.

Comparability

Comparability of services is a fiscal accountability requirement that applies to local educational agencies (LEAs) that receive funds under Title I, Part A of the Every Student Succeeds Act (ESSA). The intent of the comparability of services requirement is to ensure that an LEA does not discriminate (either intentionally or unintentionally) against its Title I schools when distributing resources funded from state and local sources simply because these schools receive federal funds. [TEA Title I, Part Comparability of Services Guidance Handbook, 2017](#)

The Assistant Superintendent of Finance and Grant Manager(s) shall conduct the comparability test on an annual basis and complete the Title I Part A Comparability Assurance Document (CAD), as appropriate. NOTE: The district is not currently exempt from the comparability requirements due to the single campus grade spans. If the district is not exempt, the Assistant Superintendent of Finance and Grant Manager(s) shall complete and submit the Comparability Computation Form (CCF) to TEA by the mid-November annual deadline.

If TEA determines that the district is non-compliant, the Assistant Superintendent of Finance and Grant Manager(s) shall work collaboratively to address the non-compliance. In addition, the district shall adjust the budgets as appropriate, until the district is in compliance with the comparability requirement.

Indirect Cost

Grantees must have a current, approved federal indirect cost rate to charge indirect costs to the grant. The indirect cost rate is calculated using costs specified in the grantee's indirect cost plan. Those specified costs may not be charged as direct costs to the grant under any circumstances. [TEA Indirect Cost Guidance](#).

The district has applied for an Indirect Cost Rate through the pass-through entity (TEA). The Assistant Superintendent of Finance shall complete and submit an [Indirect Cost Rate Proposal](#) by the established deadline as specified by the pass-through entity (TEA) on the Indirect Cost webpage at: [Indirect Cost Rates | Texas Education Agency](#).

The district's Indirect Cost Rate, or the maximum allowable rate, whichever is less shall be used to post Indirect Costs for federal funds to the General Fund. The Assistant Superintendent of Finance shall notify

the Business Manager of the indirect costs. The Business Manager shall post the entry to the finance general ledger.

Maintenance of Effort

The district shall comply with the Every Student Succeeds Act (ESSA) and Individuals with Disabilities Act (IDEA) maintenance of effort requirements.

ESSA MOE

Federal statute requires that local education agencies (LEAs) receiving Title I, Part A funds must continue to maintain fiscal effort with state and local funds. An LEA may receive its full Title I, Part A entitlement if either the combined fiscal effort per student or the aggregate expenditures for the preceding fiscal year was not less than 90 percent of the combined fiscal effort or aggregate expenditures for the second preceding fiscal year. Maintenance of Effort (MOE) is determined using state and local operating expenditures by function, excluding expenditures for community services, capital outlay, debt service, and supplementary expenses as a result of a Presidential declared disaster, as well as any expenditures from funds provided by the federal government. [TEA ESSA MOE Handbook](#)

The Finance/Business Services department along with the Grant Manager(s) should compute the MOE using the [TEA ESSA LEA MOE Determination Calculation Tool](#) during the budget adopted process and at the end of the fiscal year. Non-compliance with ESSA MOE will result in a reduction of ESSA funds in the exact proportion by which the district fails to meet the MOE requirement; therefore, the finance department shall plan for the reduction of grant funds at the local level. If the ESSA MOE falls below the required level, the finance/business services and grant management departments shall collaborate to develop a plan to bring the district into compliance with the MOE requirements.

IDEA-B MOE

An LEA that accepts IDEA-B funds is required under IDEA-B to expend, for services to students with disabilities, at least an amount equal to 100% of the state and/or local funds it expended on students with disabilities during the previous year. Federal law provides four methods of demonstrating compliance (or “maintaining effort”), as described in the Methods of Determining Compliance section. [TEA IDEA-B MOE Guidance Handbook, 2014](#)

The Finance/Business Services department along with the Grant Manager(s) shall compute the MOE using the [TEA IDEA-B LEA MOE Calculation Tool](#) during the budget adopted process and at the end of the fiscal year. Non-compliance with IDEA-B MOE will result in a reduction of IDEA-B funds in the exact proportion by which the district fails to meet the MOE requirement; therefore, the finance department shall plan for the reduction of grant funds at the local level. If the IDEA-B MOE falls below the required level, the finance/business services and grant management departments shall collaborate to develop a plan to bring the district into compliance with the MOE requirements. NOTE: The Finance/Business Services department shall code all special education expenditures that qualify as exceptions to a specific sub-object for tracking purposes. For example, if the district makes a long-term purchase of equipment

for a special education student, the district should track that expense separately (using a sub-object) to apply that cost as an exception during the MOE calculation.

As part of the IDEA-B grant application process, the Director of Special Services will need to know the prior year Special Education expenditures and the next fiscal year budgeted Special Education Expenditures. The Assistant Superintendent of Finance shall provide these amounts to ensure that the most accurate amounts are reflected in the grant application. Changes to these amounts, as they are known, by the Assistant Superintendent of Finance shall be submitted to the Director of Special Services, as appropriate.

Single Audit

In compliance with 2 CFR 200, Subpart F – Audit Requirements, the district shall engage an independent audit firm to conduct a Single Audit of federal awards. The scope of the Single Audit shall require the following:

- The audit must be conducted in accordance with GAGAS and cover the entire operations of the district during the audit period,
- Determination if the financial statements are presented fairly in all material aspects in accordance with generally accepted accounting practices,
- Evaluate the internal controls over federal programs including testing to determine the risk level,
- Determination if the district has complied with federal statutes, regulations, and terms and conditions of the federal awards,
- Follow up on prior audit findings, and
- Submit the Data Collection Form.

Upon receipt of the Single Audit, the Assistant Superintendent of Finance shall determine if the audit contains any Corrective Actions of Questioned Costs.

- If there are any Corrective Actions, an Action Plan to remedy the deficiencies shall be developed and implemented by the Finance/Business Services department along with the Grant Manager(s).
- If there are any Questioned Costs, an Action Plan to reclassify the un-allowed expenses shall be developed and implemented by the Finance/Business Services department along with the Grant Manager(s).

The Assistant Superintendent of Finance shall electronically submit the Single Audit to the Federal Audit Clearinghouse at the end of the fiscal year. Verification of the submission shall be maintained for audit purposes.

Reporting Requirements

The district shall ensure that all reporting requirements for grant programs are met within the established timelines. A master list of all activity, progress, evaluation, and expenditure reports shall be

created to include the grant program, report type, responsible person(s), and due date. Completion of the reports may require the collaboration of several departments; however, the ultimate responsibility for the reporting requirement shall be as noted below:

- 1) Programmatic reports such as activity, progress and evaluations – Grant Manager(s) along with the Teaching and Learning department
- 2) Expenditure reports such as interim, draw down, and final expenditure reports – Assistant Superintendent of Finance
- 3) Compliance reports such as Comparability, Maintenance of Effort, Indirect Cost, etc. – Assistant Superintendent of Finance
- 4) Highly Effective Staff reports – Director of Human Resources

The Grant Manager(s) shall monitor the overall master list to ensure that all reporting requirements have been completed by the appropriate campus and/or department. The reporting requirements for TEA-administered grants are posted by grant on the [TEA Grant Opportunities webpage](#).

Remedies for Non-Compliance

The district may be subject to consequences due to non-compliance with federal regulations. The district shall strive to maintain compliance and shall respond appropriately to all notifications of non-compliance from the federal granting agency or pass-through agency (TEA).

Grant Closeout Procedures

The district shall submit all grant closeout documents to the granting agency or pass-through agency, as appropriate [2 CFR 200.344]. Grant closeout procedures shall include, but not be limited to:

- Ensure that no obligations are made after the grant period end date
- Liquidate all obligations incurred during the grant period
- Submit the final grant program performance report, if any
- Submit the final grant expenditure report, if any
- Drawdown all the expended grant funds (reimbursement request) – Match the grant expenditure draw-downs with the finance general ledger
- Certify that the final drawdown of federal grant funds is accurate (Certification)
- Refund any excess grant funds, interest, or other payables to the granting agency or pass-through agency
- Account for any real and/or personal property on hand at the end of the grant period

The Finance/Business Services department along with the Grant Manager(s) must ensure that all grant close-out provisions are met on a timely basis and resolved with the awarding agency to avoid a termination of the grant award.

Under 2 CFR 200.344(h), if the non-Federal entity does not submit all reports in accordance with this section and the terms and conditions of the Federal Award, the Federal awarding agency must proceed to close out with the information available within one year of the period of performance end date.

Grant Awards

List of Grant Awards (including grant funding source, grant period, and grant amount] - available upon request from the Grant Manager(s).