

Lumberton ISD



State & Federal Grants Manual

2024-2025

Journal Entries (†)

All general ledger entries shall be in balance (debits shall equal credits). A Fund Transfer form shall be used to document all entries. All journal entries shall be numbered for tracking purposes. An automated numbering system shall be utilized by the district. The Business Manager and Accounts Payable shall be authorized to create journal entries. All of the aforementioned business staff shall be authorized to post journal entries to the general ledger.

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.

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

- Check Payments & Check Register
- Detailed General Ledger
- Summary General Ledger

The Business Manager shall review a Summary General Ledger 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 balance shall be in place to ensure that all postings to the general ledger result in the desired outcome. For example, a cash receipt posting shall be validated to ensure that the total amount deposit matches the posted cash receipt. The posted cash receipt shall match the bank's validation of the deposit.

Ongoing, daily data entry validation greatly increases the accuracy of the fund accounting and facilitates reconciliation of the monthly bank statements with the general ledger.

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 Business Manager to ensure that the appropriate accounts are created in the finance system.

End of Month Process

Within 20 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 three (3) steps in completing the End-of-Month process as listed below:

- Reconciliation of all bank accounts
- Run EOM Reports (archival purposes)
- Process the EOM Close

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 verified 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 (vendors especially), 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 20th 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 shall be reconciled to identify under and/or overpayments to the TRS.
- **Reconcile all mandatory and voluntary deductions as of August 31st** – All mandatory (social security, 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 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.
- **Reconcile the fixed assets ledger with all fixed asset additions, deletions, or changes** – All assets, acquired via Federal Funds, during the fiscal year shall be added to the inventory database (FMX). Capital assets shall be recorded in object code 663X. All assets disposed of (sold or lost) shall be removed from the fixed asset ledger.

Segregation of Duties (†)

At a minimum, the business office 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. Prior year records shall be archived. 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 is a permanent document.** Unless a record that has been destroyed is specifically listed on a Destruction Schedule, it is presumed to still exist.

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 sub recipient. [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 PDF files)
- Grant revenues and expenditures (Frontline Finance System)
- Grant purchasing records (Frontline Requisition & Finance systems, paper, PDF and Excel files)
- Grant expenditure draw-downs (reimbursements) – Paper, PDF, and Excel files

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]

- Word, Excel, Laserfiche etc.
- Financial Management System, Frontline Finance, HR, Assets, Purchasing, etc. modules

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 Superintendent's Office or his designee.

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]

All business office staff shall sign a Confidentiality Agreement on an annual basis. **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 office 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 **30 minutes (or less) of nonuse**.

The EDGAR in its entirety can be accessed at:

<http://www2.ed.gov/policy/fund/reg/edgarReg/edgar.html>.

At the District level, managing State and Federal Grants shall be a collaborative process between the Finance, Human Resources and Grant Management Departments. Each respective department shall be responsible for their duties and responsibilities as they relate to the management of state and/or federal grants.

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.

Federal Grants

Acronyms and definitions related to federal grant management are listed in the EDGAR, Subpart A, 200.1 through 200.99 and may be accessed at: <http://www.ecfr.gov/cgi-bin/text-idx?SID=bce3e6e14adb00a7863cc39935f3e35e&node=sg2.1.200.a.sg0&rgn=div7>

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 200.318c2] **At this time, the district has no such relationships.**

The district uses a **Conflict of Interest Form** to disclose employee conflicts related to purchasing, contract management or other expenditure of federal grant funds.

State and Local Regulations

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

Other Conflict of Interest Requirements

The district shall comply with all additional conflict of interest requirements required by the federal granting agency and/or the pass-through entity (TEA).

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

Pre-Federal Award Requirements:

The federal awarding agency and pass-through entities 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.

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. Complying with the federal grant award fiscal guidelines and allowable cost principles
3. Ensuring that all grant-related staff are properly trained in their respective grants management role on at least an annual basis.
4. Developing and implementing district policies and procedures for all critical business functions
5. 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 approval of 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” 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. A list of competitive grants administered by the TEA are also posted on the TEA Grants Management webpage at:

<https://tea4avoswald.tea.state.tx.us/GrantOpportunities/forms/GrantProgramSearch.aspx>. The Grant Manager shall obtain the competitive grant information to determine whether the grant(s) is appropriate for the district.

The final approval of all grant applications shall be the Superintendent.

The Grants Manager 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).

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:

- 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

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

The Business Manager shall notify the Grants Manager 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 shall inform all staff involved in the expenditure of grant funds of the provisions and assurances for each grant program, as appropriate.

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 appropriate departments shall verify the eligibility of each vendor with this certification required and monitor ongoing contracts to verify the contractor's compliance with the debarment, suspension, ineligibility and voluntary exclusion provisions. In the event that a vendor is suspended or debarred during a contract, the district shall continue the contract in force until the contract lapses. The contract term shall not include any extensions to the original term of the contract. Verification shall be done to ensure that vendors are not on the State of Texas or Federal (www.sam.gov) debarred lists.

Budgeting Grant Funds

The finance department, Business Manager, shall budget grant funds in the appropriate fund code as authorized by Financial Accountability System Resource Guide, or the granting agency, as appropriate

All expenditures shall be made from the correct FASRG object code.

Budget amendments, if any, shall be approved by the Grant Manager, 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, disengages from grant activities for more than three (3) months, or a 25% reduction in the time devoted by a grant manager.

The Grant Manager 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 shall initiate the amendment process and collaborate with the Business Manager 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 shall approve all federal grant amendments.

The finance department, Business Manager, shall be responsible for ensuring that the finance system budget corresponds to the most recent grant NOGA.

Financial Management System

The District's financial management system, Frontline Finance System, shall be utilized to expend and track all federal grant 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]

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.

Internal Controls

Internal controls, defined in 2 CFR 200.61, 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 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 Business Manager shall be responsible for the annual review.

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 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 Grant Manager shall be responsible for preparing the draw-down of federal grant funds.**

The drawdown shall be verified and certified by the Business Manager prior to completing the on-line [or manual] draw-down procedure. To ensure that the district does not draw down any advanced funds, the draw down shall after the prior month bank reconciliation is complete to ensure that all payroll-related liabilities, such as federal taxes and Texas Teacher Retirement System deposits, have been disbursed from the districts bank accounts.

The Business Manager shall strive to "draw-down" federal grant funds on a monthly, or at least quarterly basis.

Cost Sharing or Matching Funds

The Grant Manager 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. At a minimum, the Grant Manager and the Superintendent 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 Grant Manager and the Superintendent.

If program income activities are approved, the Grant Manager 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 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 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.

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. 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]

Procurement Standards and Expenditure of Grant Funds

Procurement with and expenditure of grant funds shall be through the documented purchasing, finance or payroll department 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 200.318-200.326*.

The district shall comply with the general procurement requirement of the EDGAR (2 CFR 200) **effective July 1, 2018**. 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, or 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 Procedures**. **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 sources 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.

The Grant Manager for each federal grant shall be responsible for the programmatic and evaluation compliance and the Business Manager 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.]

State-Administered Federal Grant Guidelines and Requirements

The district shall also adhere to General and Fiscal Guidelines established by the Texas Education Agency.

Local Guidelines Related to Unallowable Costs - Optional

The district has developed local guidelines related to unallowable costs with federal grant funds. The unallowable costs are noted below or in the Exhibit Section.

Unallowable Costs

- Snacks that do not meet the Smart Snack federal and/or state guidelines (Copy of USDA Smart Snack Standards included in the Exhibit Section).
- Commercial printing in color, unless it is deemed necessary to accomplish grant activities
- Meals (during a Working Lunch or Professional Development) that exceed \$20 per person [maximum amount per EDGAR, but the district does not recommend paying for meals with federal funds.]
- Educational field trips to an amusement park for recreational purposes only
- Consultant fees in excess of \$2,500 per day, unless an exception is authorized by the Superintendent

Procurement Tracking and Documentation

The Business Manager 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)*).

- List of all procurements by type
- 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

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:

- Consolidation of purchases to obtain volume pricing, as appropriate
- 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
- 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
- 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

The district may complete a review of the procurement system to self-certify that the procurement system is efficient and effective (*2 CFR 200.324*). The Business Manager shall oversee the completion of the self-certification. The results of the certification shall be distributed to all grant management staff. If deficiencies are noted, the Business Manager shall develop a Corrective Action Plan to remedy the deficiencies, as appropriate.

Vendor Competition

The finance/purchasing department 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

- Small, minority, woman-owned, or labor surplus area firms

The district shall not restrict vendor competition by requiring any of the following as selection criteria:

- 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 department, Accounts Payable in the finance system (Frontline Business System).

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

Vendors shall be assigned a primary vendor category code to track aggregate purchases by “like items”.

Vendor Management

A vendor database shall be maintained by the Accounts Payable with oversight by the Business Manager.

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.

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. 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(c)(1).

The Business Manager 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 Business Manager 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

Illustration #2 – Lumberton ISD Purchasing Levels and Requirements

Note. The threshold shall be determined by “like-items” in the aggregate over a fiscal year (September 1st through August 31st). The Business Manager shall review annual expenditures to determine the appropriate “like-item” categories that are specific to the district.

The “like-item” categories shall be entered in the finance system, Frontline Business System, as vendor categories. Vendors in the finance system shall be coded to a primary vendor category.

Micro-Purchase Procedures – Less than \$10,000

The **Procurement by Micro-purchase** may be the most frequently used method due to the frequent purchase of goods or services that are less than \$10,000 in the aggregate, as defined in CFR 200.67 and the granting agency. 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 [2 CFR 200.320 (a)], or the district’s threshold in Board Policy CH Legal or Local.

The finance/purchasing department shall distribute micro-purchases equitably among qualified vendors and shall ensure that the price is reasonable.

Small Purchase Procedures - \$10,000 - \$249,999

The **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 200.88). The purchasing department shall require **online**, written, emailed, or faxed quotations from at least three (3) qualified vendors for all small purchases, i.e. purchases that do not exceed \$50,000 [the state law threshold which requires a competitive procurement].

The district shall strive to obtain small purchases from qualified vendors under a Cooperative Purchasing Program [2 CFR 200.320 (b)]. 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.

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

The **Procurement by Sealed Bids** (formal advertising) method shall be used by the district when the purchase of goods or services exceed \$250,000 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 (c)]. 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 consider payment discounts because the district does routinely take advantage of payment discounts.
- Bids will be evaluated, ranked, and a recommendation for award made to the School Board at a regularly 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

The **Procurement by Competitive Proposal** method shall be used by the district when the acquisition of the goods or services exceeds \$250,000 and does not lend itself to a fixed price contract [2 CFR 200.320 (d)(5)]. The district shall comply with the sealed bid 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 regularly scheduled board meeting
 - 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
 - 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

The **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 (f)].

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 (f)(1)]
 - 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
 - The [TEA Division of Grants Administration Request for Noncompetitive Procurement \(Sole Source\) Approval Form](#) shall be utilized to request prior approval of a non-competitive, sole source proposal.
- A public exigency or emergency will not permit a delay resulting from the competitive solicitation process [2 *CFR* 200.320 (f)(2)]
 - 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 (f)(3)]
 - 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 (f)(4)]
 - 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

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* 200.321].

The district shall comply with the federal regulations related to the procurement of recovered materials (CFR 200.322) and the Solid Waste Disposal Act.

For all purchases that exceed the Simplified Acquisition Threshold of \$250,000, the district shall perform a cost or price analysis with every procurement [2 CFR 200.323]. Secondly, all purchases that exceed this threshold shall comply with federal bonding requirements such as [2 CFR 200.325]:

- 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 Business Manager 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 200.326]. 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 Business Manager shall oversee the acquisition of insurance for all federally funded property.

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. At the present time, the district operates several district facilities that are owned by the Department of Education. The district shall insure the DOE-owned buildings for loss in the same manner as locally-owned facilities.

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 200.59]). 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.

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. 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.

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 200.12) 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 200.12).
- *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 200.33)
- *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 200.20)
- *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 200.58)

- *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 §200.33 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 200.94)

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 200.2]

The district shall utilize the invoice cost, including all related costs, to record the cost of the equipment in the inventory database (FMX).

Inventory Items

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.

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.

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. All federally-funded capital assets shall have a tag affixed to the assets to distinguish the assets from non-federally funded assets.

The district fixed asset procedures require an annual 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 the Technology department. 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 Business Manager shall be responsible for maintaining the fixed asset database (Frontline Asset Management System) 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 [General Provisions for Selected Items of Cost \(Cost Principles\)](#) are available on the Department of Education EDGAR webpage.

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 Indirect Costs. The certificate must be signed on behalf of the district by the Superintendent.

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 and Business Manager 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 same expense allocation formula shall be used for non-federal and federal funded expenditures. Purchases shall be expensed to the appropriate fiscal year and/or grant period, as appropriate.

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 Accounts Payable 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 approves Pay Scales and the Superintendent approves District Stipends/Supplemental Pay and 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 Process [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,
- Federally-funded employees shall report all outside employment or professional services rendered to other entities. The external employment and/or professional services shall not conflict with the federally-funded activities with the district [2 CFR 200.430(c)]

Substitute Teachers

Salary expenditures for substitute teachers are allowable for approved teacher positions. The finance 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 Schedule 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. NOTE: It is recommended by the TEA that a job description for each stipend role include the duties related to the grant purpose and the grant funding source.

The Superintendent approved Stipend and Supplemental Pay shall be used to compensate all district staff (exempt and non-exempt) whether paid from local, state, or federal grant funds.

The Business Manager 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 written benefits, 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 Leave 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 district's written benefits, 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)**

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 that shall be supported by the following documentation [**2 CFR 200.430(i)**]:

- Exempt staff
 - Employment agreement, contract, or reasonable assurance, as appropriate
 - Job description 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.*
 - *Supplemental duties, if any, shall be supported by a Job Description*
 - Absence records, if any
 - Time and Effort documentation, as appropriate
- Non-Exempt staff
 - Employment agreement, contract, or reasonable assurance, as appropriate
 - Job description 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.*
 - Absence records, if any
 - Time and Effort documentation, as appropriate
 - Timekeeping records (actual work hours per workweek) in accordance with the FLSA.

Timekeeping Records

All payroll expenditures with federal grant funds shall comply with EDGAR regulations.

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)].

The Business Manager, PEIMS Coordinator, HR Director, Payroll **Coordinator**, and Campus Principals 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, Grants Management, and Finance 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 Grants Manager shall work collaboratively with the appropriate stakeholders to identify all staff needed to accomplish the grant activities. The Grant Manager shall work collaboratively with the Business Manager to obtain estimated salaries for proposed grant-funded staff prior to the completion of the grant application.

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 shall review the request to ensure that the position is still authorized and necessary. Changes to the job description, if any, shall be made at this time. Upon employment, the new hire shall receive and sign a copy of his/her respective job description to include the grant funding source.

Roster of all grant funded staff

The Grant Manager shall maintain an up-to-date roster of all grant funded staff to include the position title, annual salary, and funding source(s) by percentage. The roster of grant funded staff shall include all staff paid with non-federal grant funds whose compensation/benefits are paid as part of a matching or cost sharing requirement of a federal grant fund.

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, grants management, human resources, and finance departments shall be aware of the federal guidelines related to time and effort documentation.

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 Grant Manager shall collect and review all Semi-Annual Certification Forms. Any certifications that reflect a percentage other than 100% shall be forwarded to the finance department for adjustment of the grant payroll expenditures for the certification period.

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 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 Grants Manager for each respective grant program, as appropriate.

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.

Approval of Purchase Orders

The district shall utilize the Frontline Purchasing Module to manage the expenditure of all federal grant funds. In addition, all purchase orders with grant funds shall be reviewed and approved by the appropriate Grant Manager.

Selected Item of Cost – Travel Expenditures

The district shall use federal grant funds for travel costs. All travel-related expenditures from grant funds shall comply with the allowable federal cost principles [2 CFR 200.474], the State Tex-Travel Guidelines, and School Board Policy (DEE Legal and Local).

Federal regulations (2 CFR 200.474) defines travel costs as: *expenses for transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of the non-Federal entity [district]. Such costs may be charged on an actual cost basis, on a per diem or mileage basis in lieu of actual costs incurred, or on a combination of the two, provided the method used is applied to an entire trip and not to selected days of the trip, and results in charges consistent with those*

normally allowed in like circumstances in the non-Federal entity's non-federally-funded activities and in accordance with non-Federal entity's written travel reimbursement policies. The district has determined that all travel costs shall be paid to the travel and expensed using an actual cost basis or per diem basis or a combination of the two as defined in the district's travel procedures. The allowable rates of reimbursement shall be the lesser of the federal rates or local rates.

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/Settlement form 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 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
 - After the travel event, the prepaid expenses shall be posted as expenses to a 64XX account via general journal.

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 (6299) before the travel event. The district has elected to expense registration fees using a contracted services account.
- 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 advance or reimburse meal expenses, subject to the GSA limits or local limits, on an *accountable* per diem basis or actual cost reimbursement basis. The traveler shall submit a written certification Travel Authorization/Settlement Form with the actual meal costs or detailed receipts for work-related meals and shall return the unused meal funds [if any] to the district. 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, i.e. General Fund.

Receipts shall be required for all lodging expenses. Recreational or personal services such as gyms, spas, etc. shall not be allowed with local, state or federal grant funds.

- 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 200.474(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.]
- Alcoholic drinks or 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)
- Non-substantiated or fraudulent travel reimbursement requests shall be non-allowable travel expenses from federal, state or local funds. Travelers who submit fraudulent travel reimbursement requests shall be subject to disciplinary action, up to and including termination of employment.

Financial Monitoring and Reporting

The district shall ensure that all grant funds are consistently monitored throughout the grant period [2 CFR 200.328]. 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 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 200.328(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. Intervals must be no less frequent than annually nor more frequent than quarterly except in unusual circumstances, for example where more frequent reporting is necessary for the effective monitoring of the Federal award or could significantly affect program outcomes. Annual reports must be due 90 calendar days after the reporting period; quarterly or semiannual reports must be due 30 calendar days after the reporting period. Alternatively, the Federal awarding agency or pass-through entity may require annual reports before the anniversary dates of multiple year Federal awards. The final performance report will be due 90 calendar days after the period of performance end date. If a justified request is submitted by a non-Federal entity, the Federal agency may extend the due date for any performance report.

The Grant Manager shall be responsible for compiling and submitting all federal program compliance 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, human resources, and grant management staff 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.

All district staff, especially those assigned with federal grant duties, shall adhere to the Cash Management Procedures. Specifically, all cash received by the district shall be deposited, recorded and reconciled by multiple individuals to ensure segregation of duties.

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 Grant Manager 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.

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. Federal funds must supplement—add to, enhance, expand, increase, extend—the programs and services offered with state and local funds. 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, 2018]

The district process to ensure that all grant funded activities are supplemental shall be a collaborative effort between the Grants Manager and finance [purchasing] departments. Both departments shall receive training and be aware of the supplement not supplant provisions.

TEA has established “presumptions of supplanting”. In other words, there are three (3) scenarios in which the US Department of Education will presume that a supplant has occurred, unless the grantee can rebut the presumption with documentation. The burden of proof is on the district.

1. Providing Services Required Under State or Local Law
2. Providing Same Services as Those Provided in Prior School Year with State or Local Funds
3. Providing the Same Services in Federal and Non-Federal Programs

The Grants Manager shall review and approve all purchase orders.

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, 2013]

The Grant Manager shall conduct the comparability test on an annual basis and complete the Title I Part A Comparability Assurance Document (CAD), as appropriate.

If TEA determines that the district is non-compliant, the Grant Manager and Business Manager 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.

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 Business Manager shall 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 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 Business Manager 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 and grant management departments shall collaborate to develop a plan to bring the district into compliance with the MOE requirements.

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 Business Manager shall determine if the audit contains any Corrective Actions of Questioned Costs.

The Business Manager or Audit Firm 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.

Appendix A: COVID-19 Supplement to the State & Federal Grants Manual

Federal grant management has become more complex during the COVID-19 pandemic due to the waivers and flexibilities to ongoing federal grant programs and the influx of additional federal grants such as Emergency and Secondary School Emergency Relief (ESSER) Grant Programs.

Elementary and Secondary School Emergency Relief (ESSER) Grant Programs

ESSER grant funding is authorized in three pieces of legislation. As a result, the ESSER programs are administered by TEA as separate grant programs. An ESSER side-by-side is under development.

ESSER grant funds were authorized under three (3) separate federal legislations. ESSER program information by federal legislation is provided below:

[ESSER I Grant Program](#)

(FAR code 266)Authorized in [Title VIII, Division B, of the Coronavirus Aid, Relief, and Economic Security \(CARES\) Act](#), signed into law in March 2020. Period of availability is March 13, 2020 (with pre-award), to September 30, 2022 (with carryover).

[CRRSA ESSER II Grant Program](#)

(FAR code 281)Authorized in [Title VIII, Division B, of the Coronavirus Aid, Relief, and Economic Security \(CARES\) Act](#), signed into law in March 2020. Period of availability is March 13, 2020 (with pre-award), to September 30, 2022 (with carryover).

[ARP ESSER III Grant Program](#)

(FAR code 282)Authorized in the [American Rescue Plan Act \(ARP\)](#), signed into law in March 2021. Period of availability is March 13, 2020 (with pre-award), to September 30, 2024 (with carryover).

[ESSER-SUPP Grant Program](#)

(Use ESSER III FAR code 282, along with a local option code to distinguish it as separate from ESSER III)The Texas Legislature authorized under TEC Section 29.930 as added by House Bill 1525, 87th Legislature, Regular Session, a portion of the state’s discretionary ESSER III funding to provide additional resources to pay for unreimbursed costs due to the coronavirus pandemic and for intensive educational supports for students not performing satisfactorily.

Information related to these federal grant funds such as program guidelines, sample application, program-specific provisions and assurance, and critical event deadlines are available on the TEA Grant Opportunities webpage at: [GrantProgramDetails \(state.tx.us\)](#) [Hint: Search on keyword “ESSER”].

TEA has created numerous resources to aid school districts in managing the federal grant funds such as:

- [ESSER Side-by-Side Requirements Document](#)
- [ESSER FAQ](#)
- [ESSER FAQ Submission](#)
- [ESSER Justification/Documentation of Allowable Users of ESSER Funds](#)
- [Pre-Approval for Construction, Remodeling, Alteration, Renovation, or Repair Costs](#)

Other federal and/or state pandemic-related grants are also available. Information on some of the additional grant opportunities is available on the TEA COVID-19 webpage at: grants are at: [Coronavirus \(COVID-19\) Support and Guidance | Texas Education Agency](#)

Federal Grant Management COVID-19 Related Provisions

In addition to the general federal grant management provisions in the State and Federal Grant's Manual, the following changes have been implemented to ensure compliance with the new federal grant funds.

Budgeting ESSER Grant Funds:

Due to the opportunity to budget and expend ESSER federal grant funds as a pre-award costs retroactively to March 2020, the Business Manager and Federal Grants Coordinator shall work collaboratively to ensure that the ESSER federal grant funds are budgeted and expended in each fiscal year in accordance with the ESSER grant application.

The finance department, Business Manager, shall budget ESSER grant funds in the appropriate fund code as authorized by [Financial Accountability System Resource Guide](#), or the granting agency, as appropriate.

Period of Performance (Obligations)

The district shall ensure that the period of performance for the ESSER grant funds matches both the NOGA grant period and the specific quarters/fiscal years as noted on the grant application. The Business Manager shall be responsible to oversee that all costs for ESSER grants are in compliance with both requirements.

Procurement Standards and Expenditures of Grant Funds

The district shall utilize either the [ESSER Justification/Documentation of Allowable Users of ESSER Funds](#) or a local similar form to document all ESSER grant fund expenditures. The district's purchasing procedures shall be utilized for all ESSER grant fund purchases.

Construction projects with ESSER grant funds shall be pre-approved by TEA before the bid process or construction begins. The [Pre-Approval for Construction, Remodeling, Alteration, Renovation, or Repair Costs](#) form shall be used to secure the preapproval from TEA. All Davis-Bacon Act requirements shall be adhered to if using ESSER grant funds for construction. The Business Manager shall monitor and ensure compliance with the Davis Bacon Act including the use of prevailing wages and posting the legally-required Davis Bacon Act poster.

Property Standards and Management

All assets purchased with ESSER grant funds shall be added to the district's asset inventory records in compliance with EDGAR. The funding source, such as ESSER I, II or III shall be part of the asset records. The ESSER-funded assets shall be labeled with federal grant program. The district will purchase assets with ESSER grant funds. The district will use ESSER grant funds for construction.

Fixed Assets procedures reflecting changes due to the USDE COVID-19 flexibilities are attached.

Cost Principles – Allowable Costs

Although there is great flexibility with the use of the ESSER grant funds, the district shall ensure that all grant expenditures are 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. Specifically, the allowable costs shall be in compliance with the ESSER grant application and the statutorily allowed activities.

The following costs are unallowable with ESSER grant funds:

- Bonuses, merit pay, or similar expenditures, unless related to disruptions or closures related to COVID-19
- Subsidizing or offsetting executive salaries and benefits or individuals who are not LEA employees
- Expenditures related to state or local teach or faculty unions or associations
- Construction costs without prior written approval from TE

Revised procedures related to compensation and travel costs with USDE COVID-19 flexibilities are attached.

Compensation and Benefits

The district shall utilize the School Board approved compensation plan for all payments with ESSER grant funds. Additional compensation strategies such as one-time payments, retention payments, etc. shall be approved by the School Board as part of the district’s compensation plan. Incentives are not allowed with federal grant funds; therefore, the district will not utilize ESSER grant funds to pay incentives to staff or others.

Job Descriptions for ESSER Grant Funded Staff

The Director for Human Resources shall develop and distribute a job description to all district staff that is wholly or partially funded with ESSER grant funds. The job description shall include the funding source(s) and the job duties as they relate to the grant position.

At a minimum the job descriptions for the ESSER-funded positions shall include the fund code number and the “intent” of the ESSER federal grant funding. A recap of the “intent” for ESSER I, II and III is listed below (excerpts from the ESSER Program Guidelines):

ESSER I – Fund 266

The intent and purpose of the CARES Act education funding is to prevent, prepare for, and respond to the coronavirus.

ESSER II - Fund 281

The intent and purpose of the CRRSA Act of 2021, ESSER II funding is to prevent, prepare for, or respond to the COVID-19 pandemic, including its impact on the social, emotional, mental health, and academic needs of students.

ESSER III – Fund 282

The intent and purpose of ARP of 2021, ESSER III funding is to help safely reopen and sustain the safe operation of schools and address the impact of the coronavirus pandemic on students.

ESSER III SUPP – Fund 282 (use local option to separate from ESSER III)

The intent of the ESSER-SUPP grant is to provide additional resources to pay for unreimbursed costs due to the coronavirus pandemic and for intensive educational supports for students not performing satisfactorily. The intent and purpose of ARP of 2021, ESSER III funding is to help safely reopen and sustain the safe operation of schools and address the impact of the coronavirus pandemic on students.

Time and Effort Documentation

District staff wholly paid from ESSER grant funds will not be required to comply with federal guidelines related to time and effort. An LEA must maintain time distribution records (sometimes called “time and effort” reporting) only if an individual employee is split-funded between ESSER and activities that are not allowable under the ESSER program. The Federal Grants Coordinator shall collect, review and monitor compliance with the time and effort federal guidelines, for ESSER-funded staff that are split-funded between ESSER and non-ESSER funds.

ESSER Grant Compliance Requirements

Supplement, Not Supplant

LEAs may supplant locally with ESSER funds. Due to having no supplement, not supplant requirement, an LEA may use its unrestricted indirect cost rate for these grants.

Maintenance of Effort (MOE)

There is no Maintenance of Effort requirement for ESSER grant funds. However, the district will evaluate the impact on ESSA and IDEA-B MOE if the district chooses to reclassify local and state funds to ESSER grant funds.

Equitable for Service for Private

For ESSER I grant funds, the district shall provide equitable services to participating private non-profit schools per Title I, Part A Equitable Services Provisions. The Federal Grants Coordinator shall oversee compliance with these provisions. This provision does not apply to ESSER II or ESSER III grant funds.

Maintenance of Equity (MOEquity)

A new requirement for Maintenance of Equity (MOQ) applies only to ESSER III (and other grants authorized under the ARP). The local MOEquity requirement is that LEAs shall not reduce (1) per-pupil spending of state and local funds, or (2) FTEs, for any high poverty school by an amount that exceeds the total reduction(s) within the LEA. “High poverty school” is defined as a school with a higher percentage of economically disadvantaged students than the median school percentage of the LEA or the LEA’s grade span (based on Title I, Part A economically disadvantaged student data).

The Business Manager and Federal Grants Coordinator shall ensure that the district is in compliance with the MOEquity requirement. The district must comply with this requirement through September 2025.

The district is automatically exempt from MOEquity compliance due to single grade span.

ESSER III (and other ARP federal grant awards) Program-Specific Requirements

The district shall create and maintain an ESSER III Use of Funds Plan after conducting meaningful consultation with required stakeholders. The Plan shall be prominently posted on the district's website. The Federal Grants Coordinator shall be responsible for oversight, update and posting of the ESSER III Use of Funds Plan.

The district shall create an **LEA Safe Return to In-Person Instruction and Continuity of Service Plan Requirements** plan. The plan must also be reviewed and, as appropriate, revised every six months until September 30, 2024, including stakeholder input and public comment. If the LEA revises its plan, the revised plan must address each of the aspects of safety currently recommended by the CDC at the time of the revision or, if the CDC has updated its safety recommendations at the time the LEA is revising its plan, each of the updated safety recommendations.

The Director for Communications and Community Relations shall be responsible for oversight, update and posting of the LEA Safe Return to In-Person Instruction and Continuity of Service Plan.

ESSER III requires a minimum of **20% for learning loss strategies**. The school district must expend a minimum of 20% of their grant funds on evidence -based interventions, such as summer learning, extended day comprehensive after -school programs, or extended school year programs. Secondly, the district must ensure interventions respond to students' academic, social, and emotional needs and address disproportionate impact of coronavirus on student populations as defined in ESEA, Title I, Part A; students experiencing homelessness; and youth in foster care.

The Assistant Superintendent for Curriculum, Business Manager, and Federal Grants Coordinator shall work collaboratively to ensure that at least 20% of the ESSER III grant funds are used in compliance with the learning loss requirements. The Federal Grants Coordinator shall be responsible for monitoring the ongoing expenditures directly related to learning loss strategies to ensure compliance with this requirement.

USDE COVID-19 Waivers and Flexibilities

Several COVID-19 Waivers and Flexibilities were made available to federal grantees (school districts). A list of some of the flexibilities are noted below:

- [Procuring, Donating, or Loaning Personal Protective Equipment and Other Medical Supplies and Equipment Purchased with Federal Funds Updated November 2, 2020](#)
- [Fact Sheet Regarding Contracted Services Not Performed Due to COVID-19 Updated August 2020](#)
- [Fact Sheet for Repurposing Federal Equipment and Supplies to Combat COVID-19 Updated October 2020](#)

- [Fact Sheet: Select Questions Related to Use of Department of Education Grant Funds During the Novel Coronavirus Disease 2019, April 8, 2020](#)

If a grantee (school district) took advantage of one or more of the flexibilities, the temporary flexibilities should be noted below for audit purposes.

A few recommended flexibilities, included in the Select Questions document are listed below:

1. May a grantee or subgrantee continue to pay the compensation of an employee paid with grant funds from the Department during the period the employee is unable to work because his or her organization is closed due to novel Coronavirus Disease 2019 (COVID-19)?
2. If a conference, training, or other activity related to a grant from the Department is cancelled due to COVID-19, may grant funds be used to reimburse nonrefundable travel (e.g., conveyance or lodging) or registration costs that were properly chargeable to the grant at the time of booking?
3. Districts are allowed, subject to the flexibilities, allows the temporary use of federally-funded assets that are currently not use in the original program to meet the general education needs of students.

Appendix B: Construction Supplement to the State & Federal Grants Manual

Federal grant management has become more complex during the COVID-19 pandemic due to the the influx of additional federal grants such as Emergency and Secondary School Emergency Relief (ESSER) Grant Programs that can be used for construction such as HVAC projects.

The purpose of this appendix is to ensure compliance with EDGAR regulations as they related to the administration of federal grant funds for construction (34 CFR 75.600).

Elementary and Secondary School Emergency Relief (ESSER) Grant Programs

ESSER grant funding is authorized in three pieces of legislation. As a result, the ESSER programs are administered by TEA as separate grant programs. An ESSER side-by-side is under development.

ESSER grant funds were authorized under three (3) separate federal legislations. ESSER program information by federal legislation is provided below:

ESSER I Grant Program

(FAR code 266) Authorized in [Title VIII, Division B, of the Coronavirus Aid, Relief, and Economic Security \(CARES\) Act](#), signed into law in March 2020. Period of availability is March 13, 2020 (with pre-award), to September 30, 2022 (with carryover).

CRRSA ESSER II Grant Program

(FAR code 281) Authorized in [Title VIII, Division B, of the Coronavirus Aid, Relief, and Economic Security \(CARES\) Act](#), signed into law in March 2020. Period of availability is March 13, 2020 (with pre-award), to September 30, 2022 (with carryover).

ARP ESSER III Grant Program

(FAR code 282) Authorized in the [American Rescue Plan Act \(ARP\)](#), signed into law in March 2021. Period of availability is March 13, 2020 (with pre-award), to September 30, 2025 (with carryover).

ESSER-SUPP Grant Program

(Use ESSER III FAR code 283, along with a local option code to distinguish it as separate from ESSER III) The Texas Legislature authorized under TEC Section 29.930 as added by House Bill 1525, 87th Legislature, Regular Session, a portion of the state's discretionary ESSER III funding to provide additional resources to pay for unreimbursed costs due to the coronavirus pandemic and for intensive educational supports for students not performing satisfactorily.

Information related to these federal grant funds such as program guidelines, sample application, program-specific provisions and assurance, and critical event deadlines are available on the TEA Grant Opportunities webpage at: [GrantProgramDetails \(state.tx.us\)](#) [Hint: Search on keyword "ESSER".

TEA has created numerous resources to aid school districts in managing the federal grant funds such as:

- [ESSER Side-by-Side Requirements Document](#)
- [ESSER FAQ](#)
- [ESSER FAQ Submission](#)
- [ESSER Justification/Documentation of Allowable Users of ESSER Funds](#)
- [Pre-Approval for Construction, Remodeling, Alteration, Renovation, or Repair Costs](#)

The ESSER Side-by-Side guidance document includes the following allowable costs that are related to construction.

- School facility repairs and improvements to enable operation of schools to reduce risk of virus transmission and exposure to environmental health hazards, and to support student health needs.
- Inspection, testing, maintenance, repair, replacement, and upgrade projects to improve the indoor air quality in school facilities, including mechanical and non-mechanical heating, ventilation, and air conditioning systems, filtering, purification and other air cleaning, fans, control systems, and window and door repair and replacement.
- Developing strategies and implementing public health protocols including, to the greatest extent practicable, policies in line with guidance from the CDC for the reopening and operation of school facilities to effectively maintain the health and safety of students, educators, and other staff.
- Other allowable cost activities may also provide an opportunity for construction projects with ESSER grant funds.

The district has selected the following allowable grant activities on the grant application to support the district’s construction projects.

Note. Construction costs without prior written approval from TEA are unallowable costs.

The District has/will fund the following ESSER grant-funded projects:

Project Title	Project Description	ESSER Grant Activity #	Project Cost	TEA Approval Date
HVAC Replacements		B5,B6,B7,B10	\$889,596	09/17/2021
Flooring Replacements		B5,B6,B7,B10	\$350,000	09/17/2021

Federal Grant Management Provisions related to Construction with ESSER Funds

In addition to the general federal grant management provisions in the State and Federal Grant’s Manual, the following TEA guidance related to construction is provide to ensure compliance with the new federal grant funds.

According to TEA’s ESSER FAQs:

Approved construction and renovation projects must comply with applicable Uniform Guidance requirements, as well as USDE’s regulations regarding construction under 34 CFR § 76.600. As is the case with all remodeling or construction contracts using laborers and mechanics financed by federal education funds, an LEA that uses ESSER funds for minor remodeling, renovation, repair, or construction contracts over \$2,000 must meet all Davis-Bacon Act prevailing wage requirements and include language in the contracts that all contractors or subcontractors must pay wages that are not less than those established for the locality of the project (prevailing wage rates).

The broad ESSA Impact Aid definition of “construction” includes new construction as well as remodeling, alterations, renovations, and repairs under which many activities related to COVID-19 would likely fall (see June 21, 2021, clarification below). However, USDE discourages LEAs from using ESSER funds for new construction because this use of funds may limit an LEA’s ability to support other essential needs or initiatives. Remodeling, renovation, and new construction are often time-consuming, which may not be workable under the shorter timelines associated with ESSER and GEER funds. These types of activities are also subject to a number of additional federal requirements, as detailed below.

The Impact Aid program statute defines “construction” as “(A) the preparation of drawings and specifications for school facilities; (B) erecting, building, acquiring, altering, remodeling, repairing, or extending school facilities; (C) inspecting and supervising the construction of school facilities; and (D) debt service for such activities.” While construction is generally allowable, it is the responsibility of the LEA to assure that individual costs:

- 1) comply with the Cost Principles in 2 CFR Part 200, subpart E (e.g., the cost must be “necessary and reasonable” (2 CFR §§ 200.403-200.404));*
- 2) meet the overall purpose of the CARES Act, CRRSA Act, or ARP Act programs, which is “to prevent, prepare for, and respond to COVID-19”; and*
- 3) are consistent with the proper and efficient administration of those programs.*

Under these general principles, any construction activities, including renovations or remodeling, that are necessary for an LEA to prevent, prepare for, and respond to COVID-19 could be permissible, though the burden remains on grantees and subgrantees to maintain the appropriate documentation that supports the expenditure.

As noted above, an LEA using ESSER funds for remodeling, renovation, and new construction must comply with additional federal requirements. For example, these projects require prior written approval by TEA. Approved construction projects (i.e., remodeling, renovation, and new construction) also must comply with applicable Uniform Guidance requirements, Davis-Bacon Act prevailing wage requirements, and all of the Department’s applicable regulations regarding construction at 34 CFR §§ 76.600 and 75.600-75.618. Some of the relevant requirements that must be considered before a new construction project is initiated include:

- 1) Has the grantee completed an environmental impact assessment before initiating the construction and fully considered any potential environmental ramifications before proceeding with the project (34 CFR § 75.601);*
- 2) Has the grantee considered the probable effects of proposed construction on any district, site, building, or structure that is included or eligible for inclusion in the National Register of Historic Places (34 CFR § 75.602)*
- 3) Does the grantee have title or other interest in the site, including right of access, that is sufficient to ensure that the grantee will have use and possession of the facility for 50 years or the useful life of the facility, whichever is longer (34 CFR § 75.603);*

- 4) *Can the grantee begin the approved construction in a reasonable time period and have the final plans been approved before the construction is advertised or placed on the market for bidding (34 CFR § 75.605);*
- 5) *Can a grantee complete the project in a reasonable time period and consistent with the approved plans and specifications (34 CFR § 75.606);*
- 6) *Is the construction functional, economical, and not elaborate in design or extravagant in the use of materials as compared to other facilities in the State or other applicable geographic area (34 CFR § 75.607);*
- 7) *Do the grantee's plans and designs for the facilities comply with applicable Federal, State and local health and safety standards, as well as Federal requirements regarding access by persons with disabilities. (34 CFR §§75.609 and 75.610); and*
- 8) *Does the grantee have sufficient operational funds to operate and maintain the facility once the construction is complete and will the grantee operate and maintain the facility in accordance with all applicable Federal, State, and local requirements (34 CFR §§ 75.614 and 75.615).*

As of 12/19/2022, this form will be submitted via the EDGAR 2.0 WorkApp.

<https://workapps.smartsheet.com/app/PV3M9RP4vpVhGfqXm9Cwc9qGR3/7QRHJfFGf34Gq>

ESSER funds may be used to make necessary improvements, for example to improve air quality and support social distancing, so that teachers and students may safely return to and continue in-person instruction. As is the case with all activities charged to ESSER, costs must be reasonable and necessary to meet the overall purpose of the program, which is "to prevent, prepare for, and respond to COVID-19". Therefore, renovation or remodeling activities that are necessary for an LEA to prevent, prepare for, and respond to COVID-19 would be permissible. This might include the inspection, testing, maintenance, repair, replacement, and upgrade projects to improve the indoor air quality in school facilities, including mechanical and non-mechanical heating, ventilation, and air conditioning systems, filtering, purification and other air cleaning, fans, control systems, and window and door repair and replacement.

These projects may (see June 21, 2021, clarification below) also be subject to prior written approval by TEA and applicable Uniform Guidance requirements, Davis-Bacon Act prevailing wage requirements and all of USDE's applicable regulations regarding construction under 34 CFR §§ 76.600 and 75.600-75.618. To request prior approval from TEA, complete and submit the ARP Construction Pre-Approval Request form.

In implementing any allowable ESSER activity, a subgrantee must follow all applicable federal, state, and local standards and policies (e.g., building codes or specifications for HVAC systems, which may be consistent with standards identified by the EPA, CDC, or World Health Organization). If an LEA uses funds for HVAC systems, USDE's regulation in 34 CFR § 75.616(c) requires the use of American Society of Heating, Refrigeration and Air Conditioning Engineers (ASHRAE) standards. The LEA might also consider using ESSER funds to establish a program for assessing and improving HVAC systems. Such a program could also require verification that proper ventilation is occurring, such as through the use of carbon dioxide (CO2) monitors.

Please note that the Environmental Protection Agency (EPA) has a variety of publications that can assist education leaders in improving the indoor air quality in schools. EPA resources on indoor air quality in schools can be accessed at: <https://www.epa.gov/iaq-schools>. The EPA has information available at: <https://www.epa.gov/coronavirus/air-cleaners-hvac-filters-and-coronavirus-covid-19> on some indoor air filtration devices that use bipolar ionization technology, which has the potential to create ozone. EPA states that ozone generators should not be used in occupied spaces. If choosing to use a device that incorporates bipolar ionization technology, EPA recommends using a device that meets UL 2998 standard certification (Environmental Claim Validation Procedure (ECVP) for Zero Ozone Emissions from Air Cleaners) and notes that there are many air cleaning devices that do not use bipolar ionization. In addition, the CDC provides information on improving ventilation in schools at: <https://www.cdc.gov/coronavirus/2019-ncov/community/schools-childcare/ventilation.html> and in buildings at: <https://www.cdc.gov/coronavirus/2019-ncov/community/ventilation.html>.

On June 21, 2021, USDE further clarified their FAQ regarding Construction and HVAC activities:

- TEA has the authority to define its own reasonable prior approval process required for construction, including HVAC projects, that require prior approval.*
- Some HVAC projects may constitute “minor remodeling” and not be considered as construction projects requiring prior approval. Minor remodeling means minor alterations in a previously completed building for purposes associated with the coronavirus. The term also includes the extension of utility lines, such as water and electricity, from points beyond the confines of the space in which the minor remodeling is undertaken but within the confines of the previously completed building. The term does not include permanent building construction, structural alterations to buildings, building maintenance, or repairs. However, minor remodeling projects that constitute capital assets under the Uniform Guidance still require prior approval consistent with 2 CFR §200.439.*
- TEA prior approval is not required before LEA bidding is advertised under applicable requirements.*
- TEA approval can come at any point in the project timeline until reimbursement using ARP ESSER funds occurs.*
- The provisions of the National Environmental Policy Act (NEPA) do not apply to construction projects funded with ESSER funds.*

Therefore, TEA will require the prior approval request to be submitted before the grant application (either in the original application or an amendment containing the construction cost) is approved but will not require the prior approval request to be approved by TEA before the bid process begins or the work may have begun during the pre-award period.

Since it is an allowable activity, TEA will provide prior approval and allow ESSER funds to be used for construction.

However, the LEA is accepting multiple risks in using federal funds for construction. There is risk of future audit findings related to whether the LEA appropriately meets all the federal requirements imposed on construction projects, and there is risk in the construction project not being completed by the end of the

ESSER funding period and the LEA not being able to appropriately expend the ESSER funds that had been appropriated for the construction project on short notice.

Any allowable use of funds to be charged to the ESSER grant must be reasonable and necessary, the LEA must justify the use of funds meets the intent of the ESSER statute (which is to prevent, prepare for, or respond to the COVID-19 pandemic, including its impact on the social, emotional, mental health, and academic needs of students), and the LEA must align it to an allowable activity in the statute. USDE has clarified that ESSER I, ESSER II, and ESSER III grants may be expended for any allowable activity codified under statute in ESSER I, II, or III; making the allowable activities interchangeable among the activities that are listed in Section 18003(d) of the CARES Act, Section 313(d) of the CRRSA Act, and Section 2001(e) of the ARP Act.

In determining how to prioritize its funds, an LEA should consider how to use those funds to safely reopen schools for full-time instruction for all students, maintain safe in-person operations, advance educational equity, and build capacity. An LEA may provide services directly or enter into an agreement (e.g., a contract or interagency agreement consistent with procurement requirements or otherwise legally authorized) for allowable activities under ESSER. An LEA is not authorized to award subgrants with ESSER funds. contract or interagency agreement consistent with procurement requirements or otherwise legally authorized) for allowable activities under ESSER. An LEA is not authorized to award subgrants with ESSER funds.

Note that all renovation, including minor remodeling, HVAC, and air quality projects are considered construction by USDE and must have TEA prior approval as described above.

Per USDE guidance, LEAs may use ESSER I, ESSER II, and ESSER III grants for any of the following allowable uses.

TEA ESSER FAQs related to the use of ESSER funds to remodel restrooms to include installation of touch free toilets and sinks states that: *The remodeling costs associated with CDC health and safety recommendations could be allowable. Any other renovations charged to ESSER funds must meet the intent and purpose of the statute. Remember prior approval is required for all construction, renovation and remodeling projects.*

Other potential allowable projects may include the following is pre-approval and well documented:

- *Construction of cell towers to provide WiFi access to students throughout the district*
- *Playground equipment to promote social distancing*
- *Expansion of instructional space*

Grant Application Process:

Prior to submitting the ESSER grant application with construction costs, the Grant Coordinator shall prepare and submit the Pre-Approval for Construction, Remodeling, Alteration, Renovation or Repair Costs form through TEA's EDGAR WorkApps smartsheet. All renovations and repairs that require pre-approval include HVAC, ventilation and air quality costs. As of 12/19/2022, this form will be submitted via the [EDGAR 2.0 WorkApp](#).

The Business Manager shall work collaboratively with the federal grant manager to ensure that all EDGAR regulations related to construction are adhered to .

The grant application shall include pre-approved construction costs in the 6600 object code class. *According to the TEA ESSER FAQs, the ESSER prior approval for a construction project would include the services of the professional engineer if it is part of the HVAC project that is being submitted for review and approval.*

Budgeting ESSER Grant Funds:

After securing the pre-approval from TEA, the Business Manager shall ensure that the construction costs are budgeted in the 6600 object code class as authorized by Financial Accountability System Resource Guide, or the granting agency, as appropriate.

According to TEA's ESSER FAQs, construction costs must be budgeted in function 81 and not function 71 (debt).

Period of Performance (Obligations)

The district shall ensure that the period of performance for the ESSER grant funds matches both the NOGA grant period and the specific quarters/fiscal years as noted on the grant application. The Accountant shall be responsible to oversee that all costs for ESSER grants are in compliance with both requirements.

The construction project manager shall be informed of the grant start and end dates.

Procurement Standards and Expenditures of Grant Funds

The district shall utilize either the [ESSER Justification/Documentation of Allowable Users of ESSER Funds](#) or a local similar form to document all ESSER grant fund expenditures. The district's purchasing procedures shall be utilized for all ESSER grant fund purchases.

In addition to compliance with EDGAR provisions related to construction, the district shall adhere to all state laws, local policies and procedures related to the procurement of construction.

In accordance with 2 CFR 200.319(d)(1)(2), the district shall ensure that the follow procurement requirements are included in all procurement specifications:

- The specifications shall provide a clear and accurate description of the technical requirements as they relate to the material, product and/or service to be provided
- The description of the project does not unduly restrict competition
- All requirements and other factors and their relative weights to be used when evaluating the bids and proposals are identified in the specifications
- Prohibition of prospective contractor's involvement in the development of the specifications, bid documents and contracts
- Other _____

In accordance with 2 CFR 200.320 (b)(2), the district shall adhere to the following process to conduct technical evaluations of proposals received and the selection of the awarded contract.

- Evaluation criteria shall be included in the specifications, to include the weights of all criteria
- A team approach shall be used to obtain at least 3 individuals to review and rank the proposals/bids

- Review of proposal/bid by each member of the review team and determination of the total points based on the criteria and weights
- Aggregation of the individual ranking to determine the team ranking
- The contract shall be awarded to the responsible offeror whose proposal/bid is the most advantageous to the district with price and other factors considered
- Awards for professional services such as architects and engineers shall be based on the offeror's qualifications and an award made subject to negotiation of fair and reasonable fees.
- Other _____

The Business Manager shall lead the evaluation team process. The Business Manager shall also ensure that no conflict of interest exists with any of the evaluation team members involved in the review and selection of the vendor.

Davis Bacon Act:

According to TEA's ESSER FAQs: The LEA must maintain sufficient source documentation to show compliance with the Davis-Bacon Act requirement such as certified payrolls.

All construction procurement documents must be in compliance with the Davis Bacon Act. Documentation must be maintained the support compliance with Davis Bacon Act during the procurement process. Documentation may include:

- Prevailing wages documentation in the construction specifications
 - Davis Bacon Act job site posting requirements
 - Weekly payroll reports with every project drawdown (AIA reports)
- Other: _____

In addition, the Domestic Preference for Procurement (commonly referenced as Buy America) should be included in all subcontracts and purchase orders.

Use of Design-Build Delivery Method

According to the TEA ESSER FAQs: Since this process is consistent with state procurement requirements, we default to federal thresholds in determining compliance with federal procurement. Accordingly, if the overall contract is under \$250,000, then it is likely that the design build process could meet the informal federal procurement requirements, as it only requires two quotes in support of the reasonableness of the award and the process solicits budget information from potential vendors.

If the overall contract exceeds \$250,000, then to meet federal procurement requirements the district would need to comply with 2 CFR §200.320(b). Generally, sealed bids are preferred for construction contracts (200.320(b)(1)), but here, if the resulting agreement is cost-reimbursement, it would require the open proposal process in 2 CFR §200.320(b)(2). In either circumstance, price must be used as a selection factor (only architect/engineer professional services can be procured based only on qualifications, with price negotiated afterwards). And of course, the federal terms and conditions must be included, such as Davis Bacon, etc. But assuming the design-build process does not rely only on qualifications, but uses price information to select the winning proposal, then the process should meet federal requirements.

LEAs who may have utilized design-build without pricing information prior to this guidance should contact the Department of Grant Compliance and Administration at GrantSupport@tea.texas.gov.

According to 36.209, the grantee would need to obtain approval from TEA. 36.209 Construction contracts with architect-engineer firms. No contract for the construction of a project shall be awarded to the firm that designed the project or its subsidiaries or affiliates, except with the approval of the head of the agency or authorized representative. Subpart 36.3 – Two-Phase Design-Build Selection Procedures.

Please refer to AU-Q142 for further information.

Use of Manager at Risk Method

Under the manager at risk method. The owner chooses the construction manager. Prior to the bid stage. The district should competitively procure the manager. The grantee can make a case of sole source. It would a be a noncompetitive procurement under a failed subcontractor, then the methods for noncompetitive would apply 2 CFR 200.320(c)

Property Standards and Management

All assets purchased with ESSER grant funds shall be added to the district's asset inventory records in compliance with EDGAR. The funding source, such as ESSER I, II or III shall be part of the asset records. The ESSER-funded assets shall be labeled with federal grant program. The district may purchase assets with ESSER grant funds. Assets purchased with ESSER federal grant funds will be subject to the EDGAR Property Standards, including the inventory requirements.

Cost Principles – Allowable Costs

Although there is great flexibility with the use of the ESSER grant funds, the district shall ensure that all grant expenditures are 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. Specifically, the allowable costs shall be in compliance with the ESSER grant application and the statutorily allowed activities.

Before payment is made for construction projects, the Business Manager shall verify that all required documentation such as certified payroll is reviewed and approval to support construction costs. The Accountant and CFO shall ensure that all costs reclassified to an ESSER grant fund meet all grant award and EDGAR regulations.

Contract Monitoring

The Business Manager shall be responsible to monitor and maintain oversight all construction projects funded with federal grant funds. The Maintenance Director shall oversee that the contractors perform in accordance with the terms, conditions and specifications of their contracts and purchase orders.

The construction performance review shall include performing onsite technical inspections and completion of certified percentage data reports such as work completed, materials stored, etc.

The Business Manager shall also verify that all billed work has been completed before a payment is made to the vendor and that the invoice (AIA payment form) contains all required documentation such as the certified payrolls.