



**Uniform Grants Guidance
Education Department Administrative Regulations
UGG/EDGAR
Risk Analysis and Assessment Handbook**

UGG/EDGAR POLICIES AND PROCEDURES
JUNCTION INDEPENDENT SCHOOL DISTRICT

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Introduction

This manual sets forth the policies and procedures used by Junction ISD to administer Federal funds. The manual contains the internal controls and grant management standards used by the district to ensure that all Federal funds are lawfully expended in accordance with 2 C.F.R. Part 200 (Uniform Grants Guidance or UGG) and the Education Department General Administrative Regulations (EDGAR). New employees of the district, as well as incumbent employees, are expected to review this manual to gain familiarity and understanding of the district's rules and practices.

- *TEA TAA dated 2/13/2025 – Effective beginning with the 2025-2026 school year.*
- *The required federal audit threshold of \$750,000 total federal grant funds expended during the grantee's fiscal year increase to \$1,000,000.*

I. Financial Management System

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

A. Financial Management Standards

The standards for financial management systems are found at 2 C.F.R. § 200.302(b). The required standards include:

Identification

The district must identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. Federal program and award identification must include, as applicable, the Assistance Listings (formerly referred to as the CFDA) title and number, Federal award identification number, year the Federal award was issued, and name of the Federal agency or pass-through entity.

Financial Reporting

Accurate, current, and complete disclosure of the financial results of each Federal award or program must be made in accordance with the financial reporting requirements in 2 C.F.R. §§ 200.328–329 and in EDGAR.

Accounting Records

The district must maintain records that sufficiently identify the amount, source, and expenditure of Federal funds for Federal awards. These records must contain information necessary to identify Federal awards, subgrant awards, authorizations, financial obligations, unobligated balances, as well as assets, expenditures, income, and interest. All records must be supported by source documentation.

Internal Controls

The district must maintain effective control over and accountability for all funds, property, and assets. The district must safeguard all assets and ensure they are used solely for authorized purposes.

“Internal controls” are tools to help program and financial managers achieve results and safeguard the integrity of their program. Internal controls should be designed to provide reasonable assurance that the following objectives are achieved:

- Effectiveness and efficiency of operations
- Adequate safeguarding of property
- Assurance property and money is spent in accordance with grant program and to further the selected objectives
- Compliance with applicable laws and regulations
- Prompt action is taken when instances of noncompliance are identified
- There are reasonable cybersecurity and other measures to safeguard information including protected personally identifiable information (PII) and other types of

information. This also includes information the Federal agency or pass-through entity designates as sensitive or other information the District considers consistent with applicable privacy laws

Budget Control

Actual expenditures or outlays must be compared with budgeted amounts for each Federal award.

Cash Management

The district must maintain written procedures to implement the cash management requirements found in 2 C.F.R. § 200.305 and in EDGAR. These procedures are included within this manual.

Allowable Costs

The district must maintain written procedures for determining allowability of costs in accordance with the terms and conditions of the award. The district uses this manual to demonstrate how it will ensure the allowability of costs.

B. Overview of the Financial Management/Accounting System

Junction ISD uses Ascender software financial accounting system. The annual budget is proposed to the board of trustees in August. When the budget is approved the chief financial officer implements the approved budget into Ascender finance for the school year. Junction ISD in conjunction with Ascender according to 2 C.R. subsection 200.302(b). Fund titles and codes are identified within the system for tracking, posting, accounts payable. If Federal awards are a pass-through grant, it is usually passed through Texas Education Agency and is identified as such. Federal and State awards are identified with their award number on the hard copy of the awards and filed in the business office with number, year of award, and amount of the award. Ascender and JISD finance do include all required information The Assistance Listings title and number, Federal award identification number and year, name of the Federal agency, and, if applicable, name of the pass-through entity. JISD business office is responsible for compiling timely and accurate financial reports, subject to superintendent and auditor's review and approval.

C. Budgeting

The Budget Process

Expenditures are aligned with approved budgeted items. JISD business office budgets the award according to allowable expenses. Awards that are reviewed by the superintendent and chief financial officer. Awarded EDGAR and other Federal awards may be contracted with the education service center which complies with all state and federal requirements. JISD and the education service center meet each summer for a discussion on performing allowability determinations for the upcoming school year. Budgets are approved by Junction ISD and education service center to submit the grants on or before the submission deadline. Careful consideration is given to budget only costs that are allowable. If amendments or changes are needed, they are made in a timely manner. Once the ESC and ISD have made final decisions it is loaded into the Ascender online software as soon as applicable.

After Receiving the GAN

After receiving the grant award notification, discussions are held between the superintendent and ISD business office/CFO to confirm that the district needs have or have not changed to ensure that the grant is implemented into the software appropriately. If, for any reason the grant award amount is more than or less than originally budgeted, the adjustment is made to the appropriate object code to stay compliant with the grant.

Amending the Budget

Any changes or variations from the state-approved budget and grant application need prior approval from the State. 2 C.F.R. § 200.308 and 2 C.F.R. § 200.329. When required, the district ensures it obtains timely budget amendments.

Any changes necessary during the grant year, JISD or the ESC applies for an amendment to the grant prior to spending funds. Documentation supporting the change is kept in hard copy in the appropriate fund number file. Upon approval of the amendment, the confirmation is filed in the same fund file in the ISD business office.

Budget Control

The district monitors its financial performance by comparing and analyzing actual results with budgeted results. Junction ISD reviews actual expenditures to budgeted amounts on a monthly or bi-monthly basis to ensure funding is being generated in the intended purpose and account codes. If there is any difference in actual expenditures to budget, an immediate evaluation is performed to calculate the difference and make corrections or adjustments as needed to align with the original grant requirements and budget. The district software has the capability to run various reports to reflect detailed expenditures. Reports are generated monthly to review grant expenditures and submit funding draws according to grant laws/rules.

D. Accounting Records

Accounting records reflecting assets, liabilities, revenues and expenses are run monthly, if not more often for review and compliance. Records are kept in the business office fund files. Fund files are kept for review as requested and for the annual audit. Journal entries are made within the software system. There are no recurring journal entries. A chart of accounts providing the software framework is available in the help section of the software and through the education service center. FARG accounting manual is available online, on the TEA website and ESC website.

E. Spending Grant Funds

Direct and Indirect Costs

All costs charged to a federal grant are either direct or indirect costs. There is no universal rule for classifying certain costs as direct or indirect costs. A cost may be direct for some specific service or function but indirect for the federal award or other final cost objective. Therefore, it is essential that each item of cost incurred for the same purpose in like circumstances must be treated consistently as either a direct or indirect cost to avoid possible double charging of federal awards. 2 C.F.R. § 200.412.

Direct costs: Those costs that can be identified specifically with a particular final cost objective, such as a federal award, or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy. 2 C.F.R. § 200.413(a). Direct costs are generally allowable if they are part of the program budget and satisfy the Uniform Grants Guidance cost principles. Typical costs charged directly to a federal award are the supplies needed to achieve the award's objectives and the proportion of employee compensation and fringe benefits expended in relation to that specific award. 2 C.F.R. § 200.413(b).

Indirect costs: Costs that have been incurred for a common or joint purpose benefiting more than one cost objective and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved. 2 C.F.R. § 200.1 (*Indirect Cost*). Generally, these costs cannot be directly assigned or allocated to one specific project because they support multiple projects. Consistent with the Uniform Grants Guidance, these costs are sometimes classified as "facilities and administration" costs (F&A costs).

Administrative and clerical staff salaries should normally be treated as indirect costs. Direct charging of these costs may be appropriate only if they meet all the following:

- The administrative or clerical services are integral to a federal award.
- Individuals involved can be specifically identified with the federal award; and
- The costs are also not recovered as indirect costs.

2 C.F.R. § 200.413(c).

Indirect Cost Rate: A District can have two indirect cost rates: an unrestricted rate and a restricted rate. The unrestricted indirect cost rate is calculated for use on programs without limitations on indirect costs. An unrestricted indirect cost rate is calculated in accordance with 2 C.F.R. Part 200. However, certain U.S. Department of Education (ED) grant programs have a statutory requirement prohibiting the use of federal funds to supplant non-Federal (or sometimes other Federal) funds. These programs require the use of a restricted indirect cost rate, computed in accordance with 34 C.F.R. §§ 76.564–76.569. The formula limits the general management costs that can be included in the indirect cost pool (numerator) and requires adjustments to the MTDC base (denominator). Generally, adjustments to the unrestricted rate calculation are made and result in a lower rate to claim indirect cost reimbursement on restricted rate programs. (ED Guidance, September 2009, available at

<https://www2.ed.gov/about/offices/list/ocfo/fipao/guideigcwebsite.pdf>.

The district utilizes both a restricted and an unrestricted indirect cost rate. Texas Education Agency provides a worksheet that JISD submits to develop the restricted, unrestricted indirect cost rates. The workbook includes all necessary costs required to develop the rates. TEA offers an appeal time to negotiate the cost rates if the district does not agree with them. Development of the TEA workbook is accessible in November of each year and is submitted in January of each year. JISD business office/CFO performs this process and maintains a hard copy in the JISD business office TEA file cabinet.

Applying the Indirect Cost Rate: Once the District has an approved indirect cost rate, the percentage is multiplied against the actual direct costs (excluding distorting items such as equipment, contracts more than \$50,000, pass-through funds, etc.) incurred under a particular grant to produce the dollar amount of indirect costs allowable to that award. 34 C.F.R. § 75.564; 34 C.F.R. § 76.569. For Direct Grants, reimbursement of indirect costs is subject to the availability of funds and statutory or administrative restrictions. 34 C.F.R. § 75.564.

Where a federal program has a specific cap on the percentage of administrative costs that may be charged to a grant, that cap must include all direct administrative charges as well as any recovered indirect charges.

Determining Allowability of Costs

When determining how the district will spend its grant funds, business office/CFO will review the proposed cost to determine whether it is an allowable use of federal grant funds *before* obligating and spending those funds on the proposed good or service. All costs supported by federal education funds must meet the standards outlined in EDGAR and 2 C.F.R. Part 200, which are provided in the bulleted list below. The business office must consider these factors when making an allowability determination.

- *Necessary and Reasonable for the performance of the Federal award.* District staff must consider these elements when determining the reasonableness of a cost. A cost is reasonable if it does not exceed an amount that a prudent person would incur under the circumstances prevailing when the decision was made to incur the cost. For example, reasonable means that sound business practices were followed, and purchases were

comparable to market prices. When determining reasonableness of a cost, consideration must be given to:

- Whether the cost is generally recognized as ordinary and necessary for the district's operation or the proper and efficient performance of the federal award.
- The restraints or requirements imposed by factors, such as sound business practices; arm's-length bargaining; federal, state, local, tribal, and other laws and regulations; and terms and conditions of the federal award.
- Market prices for comparable costs for the geographic area.
- Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the district, its employees, its students, the public at large, and the federal government; and
- Whether the costs represent a deviation from the district's established written policies and procedures for incurring costs. 2 C.F.R. § 200.404.

While 2 C.F.R. § 200.404 does not provide specific descriptions of what satisfies the "necessary" element beyond its inclusion in the reasonableness analysis above, "necessary" is determined based on the needs of the program. Specifically, the expenditure must be necessary to achieve an important program objective. When determining whether a cost is necessary, consideration may be given to:

- Whether the cost is needed for the proper and efficient performance of the grant program.
 - Whether the cost is identified in the approved budget or application.
 - Whether there is an educational benefit associated with the cost.
 - Whether the cost aligns with identified needs based on results and findings from a needs assessment.
 - Whether the cost addresses program goals and objectives and is based on program data.
- *Allocable to the Federal award.* A cost is allocable to a federal award or other cost objective if the cost is assignable to the federal award or other cost objective in accordance with the relative benefits received. This means that the federal grant program derived a benefit in proportion to the funds charged to the program. This standard is met if the cost satisfies any of the following criteria:
 - Is incurred specifically for the federal award
 - Benefits both the federal award and other work of the district and can be distributed in proportions that may be approximated using reasonable methods; or
 - Is necessary to the overall operation of the district and is assignable in part to the federal award in accordance with the cost principles in the Uniform Grants Guidance. 2 C.F.R. § 200.405.
 - *Consistent with policies and procedures that apply uniformly to both Federally financed and other activities of the district.*
 - *Conform to any limitations or exclusions set forth as cost principles in Part 200 or in the terms and conditions of the Federal award.*
 - *Consistent treatment.* A cost cannot be assigned to a federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been assigned as an indirect cost under another award.

- *Adequately documented.* All expenditures must be properly documented.
- *Be determined in accordance with general accepted accounting principles (GAAP), unless provided otherwise in Part 200.*
- *Not included as a match or cost-share, unless the specific federal program authorizes federal costs to be treated as such.* Some federal program statutes require the district to contribute a certain number of non-federal resources to be eligible for the federal program.
- *Be the net of all applicable credits.* The term “applicable credits” refers to transactions that offset or reduce direct or indirect costs allocable to the federal award. Typical examples of such transactions are purchase discounts; rebates or allowances; recoveries or indemnities on losses; and adjustments of overpayments or erroneous charges. To the extent that such credits accruing to or received by the district relate to the federal award, they shall be credited to the federal award, either as a cost reduction or a cash refund, as appropriate. 2 C.F.R. § 200.406.
- *Administrative Closeout Costs.* Administrative closeout costs may be incurred until the due date of the final report(s). If incurred, these costs must be liquidated prior to the due date of the final report(s) and charged to the final budget period of the award unless otherwise specified by the federal agency. All other costs must be incurred during the approved budget period.

Part 200’s cost guidelines must be considered when federal grant funds are expended. As provided above, federal rules require state and district-level requirements and policies regarding expenditures to be followed as well. Federal rules do not address how to treat benefits like miles, hotel points, etc., which are not considered to be “credits,” thus the district defers to state and local rules.]

Selected Items of Cost

Part 200 examines the allowability of 56 specific cost items (commonly referred to as Selected Items of Cost) at 2 C.F.R. §§ 200.420–200.476. These cost items are listed in the chart below along with the citation where it is discussed whether the item is allowable.

District personnel responsible for spending federal grant funds and for determining allowability must be familiar with the Part 200 selected items of cost section. The district must follow these rules when charging these specific expenditures to a federal grant. When applicable, district staff must check costs against the selected items of cost requirements to ensure the cost is allowable. In addition, state, district, and program-specific rules may deem a cost as unallowable and district personnel must follow those non-federal rules as well.

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

Item of Cost	Citation of Allowability Rule
Advertising and public relations	2 C.F.R. § 200.421
Advisory councils	2 C.F.R. § 200.422
Alcoholic beverages	2 C.F.R. § 200.423

Alumni activities	2 C.F.R. § 200.424
Audit services	2 C.F.R. § 200.425
Bad debts	2 C.F.R. § 200.426
Bonding costs	2 C.F.R. § 200.427
Collections of improper payments	2 C.F.R. § 200.428
Commencement and convocation costs	2 C.F.R. § 200.429
Compensation – personal services	2 C.F.R. § 200.430
Compensation – fringe benefits	2 C.F.R. § 200.431
Conferences	2 C.F.R. § 200.432
Contingency provisions	2 C.F.R. § 200.433
Contributions and donations	2 C.F.R. § 200.434
Defense and prosecution of criminal and civil proceedings, claims, appeals and patent infringements	2 C.F.R. § 200.435
Depreciation	2 C.F.R. § 200.436
Employee health and welfare costs	2 C.F.R. § 200.437
Entertainment and prizes	2 C.F.R. § 200.438
Equipment and other capital expenditures	2 C.F.R. § 200.439
Exchange rates	2 C.F.R. § 200.440
Fines, penalties, damages and other settlements	2 C.F.R. § 200.441
Fundraising and investment management costs	2 C.F.R. § 200.442
Gains and losses on the disposition of depreciable assets	2 C.F.R. § 200.443
General costs of government	2 C.F.R. § 200.444
Goods or services for personal use	2 C.F.R. § 200.445
Idle facilities and idle capacity	2 C.F.R. § 200.446
Insurance and indemnification	2 C.F.R. § 200.447
Intellectual property	2 C.F.R. § 200.448
Interest	2 C.F.R. § 200.449
Lobbying	2 C.F.R. § 200.450
Losses on other awards or contracts	2 C.F.R. § 200.451
Maintenance and repair costs	2 C.F.R. § 200.452
Materials and supplies costs, including costs of computing devices	2 C.F.R. § 200.453
Memberships, subscriptions, and professional activity costs	2 C.F.R. § 200.454
Organization costs	2 C.F.R. § 200.455
Participant support costs	2 C.F.R. § 200.456
Plant and security costs	2 C.F.R. § 200.457
Pre-award costs	2 C.F.R. § 200.458
Professional service costs	2 C.F.R. § 200.459
Proposal costs	2 C.F.R. § 200.460
Publication and printing costs	2 C.F.R. § 200.461
Rearrangement and reconversion costs	2 C.F.R. § 200.462
Recruiting costs	2 C.F.R. § 200.463
Relocation costs of employees	2 C.F.R. § 200.464
Rental costs of real property and equipment	2 C.F.R. § 200.465
Scholarships, student aid costs, and tuition remission	2 C.F.R. § 200.466
Selling and marketing costs	2 C.F.R. § 200.467
Specialized service facilities	2 C.F.R. § 200.468
Student activity costs	2 C.F.R. § 200.469
Taxes (including Value Added Tax)	2 C.F.R. § 200.470

Telecommunications and video surveillance costs	2 C.F.R. § 200.471
Termination and standard closeout costs	2 C.F.R. § 200.472
Training and education costs	2 C.F.R. § 200.473
Transportation costs	2 C.F.R. § 200.474
Travel costs	2 C.F.R. § 200.475
Trustees	2 C.F.R. § 200.476

Please do not assume that an item is allowable because it is specifically listed in the regulation as it may be unallowable despite its inclusion in the selected items of cost section. The expenditure may be unallowable for a number of reasons, including: the express language of the regulation states the item is unallowable; the terms and conditions of the grant deem the item unallowable; or state/local restrictions dictate that the item is unallowable. The item may also be unallowable because it does not meet one of the cost principles, such as being reasonable because it is considered too expensive. It is also possible for the state and/or district to put additional requirements on a specific item of cost. Under such circumstances, the more restrictive requirements must be met for a cost to be allowable. If an item is unallowable for any of these reasons, federal funds cannot be used to purchase it.

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

Therefore, employees must consult the specific grant requirements, as well as applicable federal, state, and district requirements when spending federal funds to ensure all costs are allowable.

Frequently Questioned Costs

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

Travel: Travel costs include the transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of a grant recipient. These costs may be charged on an actual cost basis, on a per diem or mileage basis, or on a combination of the two, provided the method used is applied to an entire trip and not selected days of the trip. The method used must be consistent with those normally allowed in like circumstances in the district's other activities and in accordance with the district's established written policies. 2 C.F.R. § 200.475(a).

Costs incurred by employees and officers for travel, including costs of lodging, other subsistence, and incidental expenses, must be considered reasonable and otherwise allowable only to the extent such costs do not exceed charges normally allowed by the district in its regular operations as the result of its established written policy. In addition, if these costs are charged directly to the federal award, documentation must justify that (1) participation of the individual is necessary for the federal award; and (2) the costs are reasonable and consistent with the district's established written policy. 2 C.F.R. § 200.475(b).

Junction ISD travel costs policy (CBB Legal) is available at www.junctionisd.net
Travel costs are the expenses for transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of the 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 district's non-federally funded activities and in accordance with the district's written travel reimbursement policies.

In the absence of an acceptable, written district policy regarding travel costs, the rates and amounts established under 5 U.S.C. 5701-11 (Travel and Subsistence Expenses; Mileage Allowances), or by the administrator of general services, or by the president (or his or her designee) pursuant to any provisions of such subchapter must apply to travel under federal awards [48 C.F.R. 31.205–46(a)].

2 C.F.R. 200.475(a), (d)

Participant Support Costs: The district classifies the following as participant support costs, pursuant to 2 C.F.R. § 200.456. Participant support costs are treated consistently across Federal and non-Federal awards.

JISD classifies as participant support costs, e.g., registration fees, travel costs, stipends, or other payments to parents, private school teachers, or other non-district employees for grant-related training or activities.

F. Federal Cash Management Policy/Procedures

The district can receive Federal grant funds in two ways, through a reimbursement process or from an advance of funds. Both are further described below.

Payment Methods

Reimbursements: Generally, the district receives payment from the state department of education on a reimbursement basis. 2 C.F.R. § 200.305. That means that the district will initially charge federal grant expenditures to non-federal funds and then seek a reimbursement of those expenditures.

The district business manager/CFO will request reimbursement for actual expenditures incurred under the federal grants monthly. Reimbursements are submitted monthly using software expenditure reports and verified with the budget and grant award. Reimbursement requests will be submitted through the state expenditure reporting system, federal or state department of education. All reimbursements are based on actual disbursements, not on obligations.

The state department of education will process reimbursement requests within 30 days.

Consistent with state and federal requirements, the district will maintain source documentation supporting the federal expenditures (invoices, time sheets, payroll stubs, etc.) and will make such documentation available for the state department of education review upon request.

Reimbursements of actual expenditures do not require interest calculations.

Advances: The district will comply with applicable methods and procedures for payment that minimize the time elapsing between the transfer of funds and disbursement by the district, in accordance with the Cash Management Improvement Act at 31 C.F.R. Part 205. Generally, it is considered a best practice to expend federal funds within 72 hours of receipt.

The district will hold federal advance payments in interest-bearing accounts, unless an allowable exception applies. 2 C.F.R. § 200.305(b)(10)–(11). The district will calculate interest earned on cash balances after funds are deposited into the district's account. The district may retain interest amounts up to \$500 per year for administrative expenses. 2 C.F.R. § 200.305(b)(12). If the interest exceeds \$500 per year, the district will remit that additional interest earned annually to the U.S. Department of Health and Human Services (HHS) Payment Management System (PMS) in accordance with 2 C.F.R. § 200.305(b)(10)–(12).

G. Timely Obligation of Funds

When Obligations are Made

Financial obligations mean orders placed for property and services, contracts and subawards made, and similar transactions that require payment under a federal award that will result in

expenditures by a recipient or subrecipient under a federal award. 2 C.F.R. § 200.1 (*Financial obligations*).

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

If the obligation is for:	The obligation is made:
Acquisition of property	On the date which the district makes a binding written commitment to acquire the property
Personal services by an employee of the district	When the services are performed
Personal services by a contractor who is not an employee of the district	On the date which the district makes a binding written commitment to obtain the services
Public utility services	When the district receives the services
Travel	When the travel is taken
Rental of property	When the district uses the property
A pre-agreement cost that was properly approved by the secretary under the cost principles in 2 C.F.R. part 200, Subpart E- Cost Principles	On the first day of the project period

34 C.F.R. § 75.707; 34 C.F.R. § 76.707.

Period of Availability of Federal Funds

All financial obligations must occur on or between the beginning and ending dates of the grant project. 34 C.F.R. § 76.707. This time interval between the start and end date of a federal award is known as the period of performance. 2 C.F.R. § 200.1 (*Period of performance*). The period of performance consists of either one, or many, funded portions or budget periods during which the district is authorized to spend award funds. Proposed EDGAR Update: “The U.S. Department of Education defines the period of performance as the “period during which funds can be obligated by the grantee. 34 C.F.R. § 77.1.” Therefore, for a cost to be allowable, it must be incurred/obligated in the appropriate budget period. The period of performance and budget period are indicated in the federal award. Further, certain grants have specific requirements for carryover funds that must be adhered to.

State-Administered Grants: As a rule, state-administered federal funds are available for obligation within the year for which Congress appropriates the funds. However, given the unique nature of educational institutions, for many federal education grants, the period of availability is 27 months. Federal education grant funds are typically awarded on July 1 of each year. While the district will always plan to spend all current grant funds within the year the grant was appropriated for, the period of obligation for any grant that is covered by the “Tydings Amendment” is 27 months, extending from July 1 of the fiscal year for which the funds were appropriated through September 30 of the second following fiscal year. This maximum period includes a 15-month period of initial availability, plus a 12-month period for carryover. 34 C.F.R. § 76.709. For example, funds awarded on July 1st of the current school year would remain available for obligation through September 30, the following year.

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

Closeout

The district must submit all reports (financial, performance, and other reports required by the subaward) to the Texas Education Agency and liquidate all financial obligations incurred under the award not later than 90 days or as specified by the grant after the end of the funding period

unless an extension is authorized. 2 C.F.R. § 200.344(c). When justified, the federal agency or pass-through may approve extensions for the district. 2 C.F.R. § 200.344(b) and (c). Any funds not obligated within the period of availability or liquidated within the appropriate timeframe are said to lapse and must be returned to the awarding agency. 2 C.F.R. § 200.344(e). Consequently, the district closely monitors grant spending throughout the grant cycle.

Carryover

State-Administered Grants: As described above, the Tydings Amendment extends the period of availability for applicable state-administered program funds. Essentially, it permits recipients to “carryover” any funds left over at the end of the initial 15-month period into the next year.

These leftover funds are typically referred to as carryover funds and continue to be available for obligation for an additional 12 months. 34 C.F.R. § 76.709. Accordingly, the district may have multiple years of grant funds available under the same program at the same time.

Carryover funds meet grant guidelines and budget in the next grant period if there are any carryover funds. In conjunction with the education service center, monthly evaluations are performed to keep track of expenditures to ensure that amendments are done, spending is adjusted to maintain correct expenditures and remain compliant with allowable carryover amounts. The district business office/CFO compiles reports monthly to estimate if there will be a carryover.

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

District business office/CFO provides the written notice including the reasons for the extension as well as the revised period of performance. This requirement contains the details the written notice must include. The district provides approval/sending the notice in the required timeframe to have it submitted.

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

- The terms and conditions of the federal award prohibit the extension;
- The extension requires additional federal funds; or
- The extension involves any change in the approved objectives or scope of the project. 2 C.F.R. § 200.308(g)(2).

District business office provides the written notice including the reasons for the extension as well as the revised period of performance. This requirement contains the details the written notice must include. The district provides approval/sending the notice in the required timeframe to have it submitted.

H. Program Income

Definition

Program income means gross income earned by a grant recipient that is directly generated by a supported activity or earned because of the federal award during the grant’s period of performance. 2 C.F.R. § 200.1 (*Program income*).

Program income includes, but is not limited to, income from fees for services performed, the use or rental of real or personal property acquired under federal awards, the sale of commodities or

items fabricated under a federal award, license fees and royalties on patents and copyrights, and principal and interest on loans made with federal award funds. Interest earned on advances of federal funds is not program income. Except as otherwise provided in federal statutes, regulations, or the terms and conditions of the federal award, program income does not include rebates, credits, discounts, and interest earned on any of them. 2 C.F.R. § 200.1 (*Program income*). Additionally, taxes, special assessments, levies, fines, and similar revenues raised by a recipient are not program income. Finally, proceeds from the sale of real property, equipment, or supplies are not program income. 2 C.F.R. § 200.307.

Use of Program Income

The default method for the use of program income for the district is the deduction method. 2 C.F.R. § 200.307(b). Under the deduction method, program income is deducted from total allowable costs to determine the net allowable costs, reducing the overall amount of the federal award. Program income will only be used for current costs unless the district is otherwise directed by the federal awarding agency or pass-through entity. 2 C.F.R. § 200.307(a). The LEA may also request prior approval from the federal awarding agency to use the addition method. Under the addition method, program income may be added to the total allowable costs, increasing the overall total amount of the federal award. The program income must then be used for the original purpose of the federal award. 2 C.F.R. § 200.307(a).

While the deduction method is the default method, the district always refers to the GAN prior to determining the appropriate use of program income.

The district calculates program income and how it is accounted for within financial management system from the NOGA. Special revenue accounting codes are used

II - Procurement System

The district maintains the following purchasing procedures.

A. Responsibility for Purchasing

JISD business office has the authority to initiate purchases and may delegate purchasing authority to responsible individuals within their department, if applicable. The business office will be responsible for processing contracts/purchase orders and will make the final determination on any proposed purchase where budgetary or other conditions may result in denial.

B. Purchase Methods

The type of purchase procedures required depends on the cost of the item(s) being purchased. Junction ISD's board policy, CBB Legal, is available at www.junctionisd.net and details JISD procurement procedures.

Purchases up to \$10,000 (Micro-Purchases)

Micro-purchase means the aggregate amount of the procurement transaction does not exceed the micro purchase threshold defined in 2 C.F.R. § 200.1, currently set at \$10,000. The micro-purchase method is used to expedite the completion of its lowest-dollar small purchase transactions and minimize the associated administrative burden and cost. Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold.

To the extent practicable, the district distributes micro-purchases equitably among qualified suppliers. Micro-purchases may be awarded without soliciting competitive price or rate quotations if the district considers the price to be reasonable based on research, experience, purchase history, or other information and maintains documents to support its conclusion. Purchase cards can be used as a method of payment for micro-purchases. The district maintains evidence of this reasonableness in the records of all micro-purchases.

Under 2 C.F.R. § 200.320(a)(1)(iv), the district may increase its micro-purchase threshold up to \$50,000 through yearly self-certification. Self-certification from the district includes justification

and identification of the increased threshold and supporting documentation of any of the following:

1. The district is a low-risk auditee for the most recent audit in accordance with 2 C.F.R. § 200.520
2. The district receives an annual internal institutional risk assessment that identifies, mitigates, and manages financial risks
3. The increased threshold is consistent with State law

In addition, under 2 C.F.R. § 200.320(a)(1)(v), the district may increase its micro-purchase threshold above \$50,000 with approval from the cognizant agency for indirect costs after submitting documentation that demonstrates that the district is a low-risk auditee or that it receives an annual internal institutional risk assessment.

Purchases between \$10,000 and \$250,000 (Simplified Acquisitions)

The simplified acquisition procedures apply when the aggregate dollar amount of the procurement transaction is higher than the micro-purchase threshold but does not exceed the simplified acquisition threshold defined in 2 C.F.R. 200.1, currently set at \$250,000. The district may lower the threshold based on internal controls, an evaluation of risk, and its documented procurement procedures. If simplified acquisition procedures are used, price or rate quotations are obtained from an adequate number of qualified sources. Unless specified by the federal agency, the district may exercise judgment in determining what number is adequate.

When applicable the district procedures may require up to three quotes which may be obtained by the business office or superintendent in the form of sealed quote, email or fax and who will also make the final decision.

Purchases Over \$250,000

Sealed Bids (Formal Advertising): For purchases over \$250,000, bids are publicly solicited through an invitation and a firm fixed price contract (lump sum or unit price) is awarded to the responsible bidder whose bid conforms with all the material terms and conditions of the invitation and is the lowest in price. The sealed bids procurement method is preferred for procuring construction services.

For sealed bidding to be feasible, the following conditions should be present:

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

If sealed bids are used, the following requirements apply:

- Bids must be solicited from an adequate number of qualified sources, providing them with sufficient response time prior to the date set for opening the bids. Unless specified by the federal agency, the recipient or subrecipient may exercise judgment in determining what number is adequate. For local governments, the invitation for bids must be publicly advertised.
- The invitation for bids must define the items or services with specific information, including any required specifications, for the bidder to properly respond.
- All bids will be opened at the time and place prescribed in the invitation for bids. For local governments, the bids must be opened publicly.
- A firm-fixed-price contract is awarded in writing to the lowest responsive bid and responsible bidder.

When specified in the invitation for bids, factors such as discounts, transportation cost, and life cycle costs must be considered in determining which bid is the lowest. Payment discounts must only be used to determine the low bid when the district determines they

are a valid factor based on prior experience. The recipient or subrecipient must document and provide a justification for all bids.

Competitive Proposals: A procurement method used when conditions are not appropriate for using sealed bids. This procurement method may result in either a fixed price or cost-reimbursement contract. They are awarded in accordance with the following requirements:

- Requests for proposals require public notice, and all evaluation factors and their relative importance must be identified. Any response to publicized requests for proposals must be considered to the maximum extent practical.
- Proposals must be solicited from multiple qualified sources.
- There are written procedures for conducting technical evaluations and making selections of proposals.
- Contracts must be awarded to the responsible firm whose proposal is most advantageous to the recipient or subrecipient considering price and other factors.

The district may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby the offeror's qualifications are evaluated, and the most qualified offeror is selected, subject to negotiation of fair and reasonable compensation. The method, where price is not used as a selection factor, can only be used in procurement of A/E professional services. The method may not be used to purchase services provided by A/E firms that are a potential source to perform the proposed effort.

Junction ISD's board policy, CBB Legal, details the district's formal bidding method, conducting technical evaluations and competitive proposals. www.junctionsid.net

Formal Procurement Methods

When the value of the procurement for property or services under a federal financial assistance award exceeds the simplified acquisition threshold, or a lower threshold established by a district, formal procurement methods are required. Formal procurement methods require the following documented procedures. Formal procurement methods also require public advertising unless a non-competitive procurement can be used in accordance with 2 C.F.R. 200.319 or 200.320(c). The following formal methods of procurement are used for procurement of property or services above the simplified acquisition threshold or a value below the simplified acquisition threshold the district determines to be appropriate:

Sealed Bids

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

For sealed bidding to be feasible, the following conditions should be present:

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

If sealed bids are used, the following requirements apply:

1. Bids must be solicited from an adequate number of qualified sources, providing them with sufficient response time prior to the date set for opening the bids, for local governments, the invitation for bids must be publicly advertised.
2. The invitation for bids, which will include any specifications and pertinent attachments, must define the items or services in order for the bidder to properly respond.
3. All bids will be opened at the time and place prescribed in the invitation for bids, and for local governments, the bids must be opened publicly.

4. A firm fixed price contract award will be made in writing to the lowest responsive and responsible bidder. Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs must be considered in determining which bid is lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of; and
5. Any or all bids may be rejected if there is a sound documented reason.

2 C.F.R. 200.320(b)(1)

A procurement method in which either a fixed price or cost-reimbursement type contract Proposals are generally used when conditions are not appropriate for the use of sealed are awarded in accordance with the following requirements:

1. Requests for proposals must be publicized and identify all evaluation factors and their relative importance. Proposals must be solicited from an adequate number of qualified offerors. Any response to publicized requests for proposals must be considered to the maximum extent practical.
2. The district must have a written method for conducting technical evaluations of the proposals received and making selections.
3. Contracts must be awarded to the responsible offeror whose proposal is most advantageous to the district, with price and other factors considered; and
4. The district may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby offeror's qualifications are evaluated, and the most qualified offeror is selected, subject to negotiation of fair and reasonable compensation. The method, where price is not used as a selection factor, can only be used in procurement of A/E professional services. It cannot be used to purchase other types of services though A/E firms are a potential source to perform the proposed effort.

2 C.F.R. 200.320(b)(2) Noncompetitive Procurement

There are specific circumstances in which noncompetitive procurement can be used.

Noncompetitive procurement can only be awarded if one or more of the following circumstances apply:

1. The acquisition of property or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold.
2. The item is available only from a single source.
3. The public exigency or emergency for the requirement will not permit a delay resulting from publicizing a competitive solicitation.
4. The federal awarding agency or pass-through entity expressly authorizes a noncompetitive procurement in response to a written request from the district; or
5. After solicitation of several sources, competition is determined inadequate.

Contract/Price Analysis: The district performs a cost or price analysis for every procurement action in excess of \$250,000, including contract modifications.

2 C.F.R. § 200.324(a). A cost analysis generally means evaluating the separate cost elements that make up the total price, while a price analysis means evaluating the total price, without looking at the individual cost elements.

Junction ISD CBB Legal 200.324 www.junctionisd.net

The method and degree of analysis is dependent on the facts surrounding the procurement situation (for example, the district should consider potential workforce impacts in their analysis if the procurement transaction will displace public sector employees); however, business office must come to an independent estimate prior to receiving bids or proposals. *2 C.F.R. §*

200.324(a). The district must negotiate profit as a separate element of the price for each contract

in which there is no price competition and, in all cases, where cost analysis is performed. To establish a fair and reasonable profit, consideration must be given to the complexity of the work to be performed, the risk borne by the contractor, the contractor's investment, the amount of subcontracting, the quality of its record of past performance, and industry profit rates in the surrounding geographical area for similar work.

Costs or prices based on estimated costs for contracts under the federal award are allowable only to the extent that costs incurred, or cost estimates included in negotiated prices would be allowable for the district under 2 C.F.R. Part 200, Subpart E. The district may reference its own cost principles that comply with the federal cost principles.

The cost plus a percentage of cost and percentage of construction cost methods of contracting must not be used.

Prior procurements are analyzed. References are checked for prior job performance for that of the contractor and subcontractors. Costs and frequency of change orders and on-site work is evaluated and reviewed.

Noncompetitive Proposals (Sole Sourcing)

There are specific circumstances in which noncompetitive procurement can be used.

Noncompetitive procurement method may only be used if one of the following circumstances applies:

- The aggregate amount of the transaction is under the micro-purchase threshold.
- The procurement transaction can only be fulfilled by a single source.
- The public exigency or emergency for the requirement will not permit a delay resulting from providing public notice of a competitive solicitation.
- The recipient or subrecipient requests in writing to use a noncompetitive procurement method, and the Federal agency or pass-through entity provides written approval.
- After solicitation of several sources, competition is determined inadequate.

Purchase Cards – Junction ISD does not use purchase cards.

Full and Open Competition

All procurement transactions for the acquisition of property or services required under the federal award must be conducted in a manner that provides full and open competition consistent with 2 C.F.R. §§ 200.319 and 200.320. In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals must be excluded from competing on those procurements. Some of the situations considered to be restrictive of competition include but are not limited to:

- Placing unreasonable requirements on firms for them to qualify to do business.
- Prequalified lists must not preclude potential bidders from qualifying (200.319(e));
- Requiring unnecessary experience and excessive bonding.
- Noncompetitive pricing practices between firms or between affiliated companies.
- Noncompetitive contracts to consultants that are on retainer contracts.
- Organizational conflicts of interest.
- Specifying only a “brand name” product instead of allowing “an equal” product to be offered and describing the performance or other relevant requirements of the procurement,
- Detailed product specifications should be avoided if at all possible (200.319(d))
- Any arbitrary action in the procurement process.

EDGAR further requires the following to ensure adequate competition.

Contractor Preferences

The district must award contracts only to responsible contractors that possess the ability to perform successfully under the terms and conditions of a proposed contract. Recipients and subrecipients must consider:

- Contractor integrity
- Public policy compliance
- Proper classification of employees (see FLSA)
- Past performance record
- Financial and technical resources

The district may develop written procedures for procurement transactions that incorporate a scoring mechanism that rewards bidders that commit to specific numbers and types of U.S. jobs, minimum compensation, benefits, on-the-job-training for employees making work or products providing services on a contract, and other worker protections. Any scoring mechanism must be consistent with the U.S. Constitution, applicable federal statutes and regulations, and the terms and conditions of the Federal award.

Domestic Preference for Procurement

The district should, to the greatest extent practicable and consistent with law, provide a preference for the purchase, acquisition, or use of goods, products, and materials produced in the United States. The district must include this preference in all subawards, contracts, and purchase orders under Federal awards.

Contracting with Small, Minority, Women, or Veteran-Owned Businesses

When possible, should consider small businesses, minority businesses, women's businesses, veteran-owned businesses, and labor surplus area firms. Consideration means:

- Including these businesses on solicitation lists
- Soliciting whenever deemed eligible as potential sources
- Dividing separate procurements and establishing delivery schedules to permit maximum participation
- Use organizations like the Small Business Administration and the Minority Business Development Agency of the Department of Commerce
- Requiring contractors under a federal award to apply these conditions to subcontracts

The district attempts to include small, minority, women, veterans, and labor surplus firms in the district's procurement process.

Prohibition on Certain Telecommunications Companies

The district will not procure, enter a contract to procure, or extend or renew a contract to procure covered telecommunications and video surveillance equipment or services described in Public Law 115-232, section 889. Covered telecommunications and video surveillance equipment or services are those produced by Huawei Technologies Company, ZTE Corporation, Hytera Communications Corporation, Hangzhou Hikvision Digital Technology Company, or Dahua Technology Company, or any subsidiary or affiliate of such entities. 2 C.F.R. § 200.216. To meet this requirement, business office will check www.sam.gov to ensure the vendor is not excluded for this reason. See OMB 2 C.F.R. *Frequently Asked Questions*, Q-47

https://www.cfo.gov/assets/files/2CFR-FrequentlyAskedQuestions_2021050321.pdf

Never Contract with the Enemy

The district complies with the regulations implementing Never Contract with the Enemy in 2 C.F.R. Part 183 prohibiting contracts, grants and cooperative agreements that exceed \$50,000, are performed outside the U.S. and its territories, and are in support of a contingency operation in which members of the Armed Forces are actively engaged in hostilities. 2 C.F.R. § 200.215.

Prequalified Lists

The district must ensure that all prequalified lists of persons, firms, or products used in procurement transactions are current and include enough qualified sources to ensure maximum

open competition. When establishing or amending prequalified lists, the recipient or subrecipient must consider objective factors that evaluate price and cost to maximize competition. Also, the District must not preclude potential bidders from qualifying during the solicitation period.

Recovered Materials

The district should, to the greatest extent practicable and consistent with law, purchase, acquire, or use products and services that can be reused, refurbished, or recycled; contain recycled content, are biobased, or are energy and water efficient; and are sustainable. This may include purchasing compostable items and other products and services that reduce the use of single-use plastic products. See Executive Order 14057, Section 101.

Solicitation Language

The district must ensure that all solicitations incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such descriptions 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 possible.

When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a “brand name or equivalent” description of features may be used to provide procurement requirements. The specific features of the named brand must be clearly stated; and identify all requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals. 2 C.F.R. § 200.319(d)(1)–(2).

C. Federal Procurement System Standards

Avoiding Acquisition of Unnecessary or Duplicative Items

The district must avoid the acquisition of unnecessary or duplicative items. Additionally, consideration is given to consolidating or breaking out procurements to obtain a more economical purchase. And, where appropriate, an analysis should be made between leasing and purchasing property or equipment to determine the most economical approach. These considerations are given as part of the process to determine the allowability of each purchase made with Federal funds.

Use of Intergovernmental Agreements

When appropriate for the procurement or use of common or shared goods and services, the district is encouraged to enter into State and local intergovernmental agreements for procurement transactions. These or similar procurement arrangements using strategic sourcing may foster greater economy and efficiency. Documented procurement actions of this type (using strategic sourcing, shared services, and other similar procurement arrangements) will meet the competition requirements of the UGG.

Use of Federal Excess and Surplus Property

The district considers the use of excess and surplus Federal property instead of purchasing new equipment and property when it is feasible and reduces project costs.

Debarment and Suspension

The district awards contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as contractor integrity, public policy, compliance, proper classification of employees (see the Fair Labor Standards Act, 29 U.S.C. 201, chapter 8), past performance record, and financial and technical resources.

The district may not subcontract with or award subgrants to any person or company who is debarred or suspended.

Accordingly, for all contracts over \$25,000 the business office will ensure this is met by either:

- a. Checking SAM at <http://www.sam.gov/>;

- b. Collecting a certification from that person; or
- c. Adding a clause or condition to the covered transaction with that person.

Maintenance of Procurement Records

The district must maintain records sufficient to detail the history of all procurements. These records will include, but are not necessarily limited to, the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, the basis for the contract price (including a cost or price analysis), and verification that the contractor is not suspended or debarred. Records are maintained in accordance with this manual and any other policies and procedures applicable, found in district policy at www.junctionisd.net.

Time and Materials Contracts

The district may use a time-and-materials type contract only (1) after a determination that no other contract is suitable; and (2) if the contract includes a ceiling price that the contractor exceeds at its own risk. Time-and-materials type contract means a contract whose cost to the district is the sum of the actual costs of materials, and direct labor hours charged at fixed hourly rates that reflect wages, general and administrative expenses, and profit.

Since this formula generates an open-ended contract price, a time-and-materials contract provides no positive profit incentive to the contractor for cost control or labor efficiency.

Therefore, each contract must set a ceiling price that the contractor exceeds at its own risk.

Further, the District must assert a high degree of oversight to obtain reasonable assurance that the contractor is using efficient methods and effective cost controls.

Pre-Procurement Documents

In accordance with 2 C.F.R. § 200.325, the district will make available upon request from the Texas Education Agency all procurement documents for pre-procurement review, such as requests for proposals or invitations for bids, or independent cost estimates. The district must submit the technical specifications of proposed procurements when requested by the Federal agency or pass-through entity.

Settlements of Issues Arising Out of Procurements

The district is responsible for the settlement of all contractual and administrative issues arising out of its procurement transactions. These issues include, but are not limited to, source evaluation, protests, disputes, and claims. These standards do not relieve the district of any contractual responsibilities under its contracts. The district must report violations of law to the local, State, or Federal authority having proper jurisdiction.

Protest Procedures to Resolve Dispute

A protest is when a vendor may believe it has been aggrieved by the outcome of an award. The district maintains protest procedures to handle and resolve disputes relating to procurements and, in all instances, discloses information regarding the protest to the awarding agency.

District's protest procedures may be found at www.junctionisd.net district policy.

Once the purchasing office becomes aware that a vendor is considering a protest, the office should immediately provide the vendor with the formal procedures for doing so. The lead purchasing official for the district should ask the vendor to discuss the process before the protest is submitted. Many times, protests may be avoided by communicating with the vendor first to ensure that it understands what transpired with the award. If the vendor still feels aggrieved, it should submit the protest. Once the protest has been formally submitted, all verbal or written communications outside the protest procedure process should cease. In the event of a timely protest, the purchasing office should not proceed with the procurement unless a lead official of the school district determines that the award is necessary to protect the substantial interest of the district, or the protest would not affect the outcome of the award. For a Level III protest, the policy or procedure should state that if the protest is not successful, there are no other alternatives for the vendor to proceed further and the award will stand as originally made. A

good example of a thorough protest procedure can be found in the 19 TAC §250.3. Note that the protest in the statute is for procurements for TEA, not a school district, and should be modified.

FASRG:

5.47.1 A protest policy and/or procedure will allow it to follow a formal process for such a grievance, and it should be given the right to do so. JISD should never discourage a vendor from protesting an award outcome. If the vendor believes it was aggrieved, it should file the protest within five days of the award. JISD follows all legal and local Texas Education Agency Reference: Financial Accountability System Resource Guide Guidelines. TEA FASRG Update 19 72 Module 5 | JISD has purchasing requirements and has a solid procurement process in place, which may result in the protest identified as not being valid. This will allow the school district to show it has a strong process in place for their procurements. JISD has a procedure level process to provide guidance to both the vendor and the district on how to proceed. The following are examples of areas to consider.

- All protests at all levels should be in writing only.
 - The school district should identify the levels of protests, including an appeal process. The levels to consider may be:
 - Level I—lead purchasing official
 - Level II—superintendent or chief financial officer
 - Level III—school district board of trustees
 - The vendor can protest an award within five district business days after public notice of award has been published.
 - The written response to the vendor by the school district describing the outcome of the investigation based on the grievance level is 10 district business days after a timely protest has been submitted.
 - The next steps the vendor can take if the outcome to its protest is not in its favor.

3.47.1.1 Best Practice for Protests - Once the purchasing office becomes aware that a vendor is considering a protest, the office should immediately provide the vendor with the formal procedures for doing so. The lead purchasing official for the district should ask the vendor to discuss the process before the protest is submitted. Many times, protests may be avoided by communicating with the vendor first to ensure that it understands what transpired with the award. If the vendor still feels aggrieved, it should submit the protest. Once the protest has been formally submitted, all verbal or written communications outside the protest procedure process should cease. In the event of a timely protest, the purchasing office should not proceed with the procurement unless a lead official of the school district determines that the award is necessary to protect the substantial interest of the district, or the protest would not affect the outcome of the award. For a Level III protest, the policy or procedure should state that if the protest is not successful, there are no other alternatives for the vendor to proceed further and the award will stand as originally made. A good example of a thorough protest procedure can be found in the 19 TAC §250.3. Note that the protest in the statute is for procurements for TEA, not a school district, and should be modified.

Contract Provisions

In all Federally-funded contracts, the district includes the required federal, state, and local provisions including the applicable provisions described in Appendix II to 2 C.F.R. Part 200 – Contract Provisions for the district's contracts under Federal Awards. 2 C.F.R. § 200.327.

D. Conflict of Interest Requirements

Standards of Conduct

In accordance with 2 C.F.R. § 200.318(c)(1), the district maintains the following standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award, and administration of contracts.

No employee, officer, agent, or board member may participate in the selection, award, or administration of a contract supported by a federal award if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, board member, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract. The officers, employees, board members, and agents of the district may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts, unless the gift is an unsolicited item of nominal value. For purposes of this policy, "immediate family member" shall have the same meaning as "family member" as described in Chapter 176 of the Government Code. [See BBFA] The district must maintain written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award, and administration of contracts. No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a federal award if he or she has a real or apparent conflict of interest. A conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization that employs or is about to employ any of these parties, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract. The officers, employees, and agents of the district may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts. However, districts may set standards for situations in which the financial interest is not substantial, or the gift is an unsolicited item of nominal value. The standards of conduct must provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the district. [See BBFA, CAA(LOCAL), CB(LOCAL), DBD] For purposes of this policy, "partner" shall have the same meaning as defined in Business Organizations Code Chapter 1, Subchapter A.

An employee, Board member, or agent of the district who is required to disclose a conflict in accordance with the provisions above shall not participate in the selection, award, or administration of a contract supported by a federal grant or award.

Gifts and Gratuities

Employees, Board members, and agents of the district shall not solicit any gratuities, favors, or items from a contractor or a party to a subcontract for a federal grant or award and shall not accept:

- Any single item with a value at or above \$50; or
- Items from a single contractor or subcontractor that have an aggregate monetary value exceeding \$100 in a 12-month period.

[See BBFA, BBFB, CBB, DBD. In the event of a violation of these requirements, see CAA and DH.]

JUNCTION ISD Each employee, Board member, or agent of the district who is engaged in the selection, award, or administration of a contract supported by a federal grant or award and who has a potential conflict of interest as defined at Code of Federal Regulations, title 2, section 200.318, shall disclose to the district, in writing, any conflict that meets the disclosure threshold in Chapter 176 of the Local Government Code. [See CBB] An employee, board member, or agent of the district who is required to disclose a conflict in accordance with the provisions above shall not participate in the selection, award, or administration of a contract supported by a federal grant or award.

District policies: CB, CBB, CDA, CFC, BBF, DH, BBFA, DBD AND CHE are available at www.junctionisd.net with additional clarification on conflicts of interest.

Whistleblower protections

An employee of a recipient or subrecipient must not be discharged, demoted, or otherwise discriminated against as a reprisal for disclosing to a person or body described in paragraph (a)(2) of 41 U.S.C. 4712 information that the employee reasonably believes is evidence of gross mismanagement of a Federal contract or grant, a gross waste of Federal funds, an abuse of authority relating to a Federal contract or grant, a substantial and specific danger to public health

or safety, or a violation of law, rule, or regulation related to a Federal contract (including the competition for or negotiation of a contract) or grant.

The District must inform their employees in writing of employee whistleblower rights and protections under 41 U.S.C. 4712. *See* statutory requirements for whistleblower protections at 10 U.S.C. 4701, 41 U.S.C. 4712, 41 U.S.C. 4304, and 10 U.S.C. 4310. JISD board policy DG at www.junctionisd.net provides documentation that employees can access outlining whistleblower rights and protections under 41 U.S.C.4712.

Organizational Conflicts

Junction ISD does not have a parent, affiliate, or subsidiary organization that is not a State, local government, or Indian tribe, Organizational conflicts of interest means that because of relationships with a parent company, affiliate, or subsidiary organization, the district is unable or appears to be unable to be impartial in conducting a procurement action involving a related organization. 2 C.F.R. § 200.318(c)(2). This does not apply to JISD.

Disciplinary Actions

Each district employee shall perform his or her duties in accordance with state and federal law, district policy, and ethical standards. The district holds all employees accountable to the Educators' Code of Ethics. [See DH(EXHIBIT)]

Each District employee shall recognize and respect the rights of students, parents, other employees, and members of the community and shall work cooperatively with others to serve the best interests of the district. An employee wishing to express concern, complaints, or criticism shall do so through appropriate channels. [See DGBA]

Violations of Standards of Conduct

Each employee shall comply with the standards of conduct set out in this policy and with any other policies, regulations, and guidelines that impose duties, requirements, or standards attendant to his or her status as a District employee. Violation of any policies, regulations, or guidelines, including intentionally making a false claim, offering a false statement, or refusing to cooperate with a district investigation, may result in disciplinary action, including termination of employment. [See DCD and DF series] www.junctionisd.net

Mandatory Disclosure

Per 2 C.F.R. § 200.318, the district must disclose in writing any potential conflict of interest to the Federal awarding agency or pass-through in accordance with the Federal awarding agency's conflicts policies.

Also, the District must promptly disclose whenever it has credible evidence of the commission a violation of Federal criminal law involving fraud, conflict of interest, bribery, or gratuity violations under Title 18 or Civil False Claims Act (31 U.S.C. 3729–3733). Failure to report can result in remedies for noncompliance per 2 C.F.R. § 200.339.

- Includes both criminal and civil false claims actions
- Must be made in writing to the federal agency, the agency's Office of Inspector General, and the pass-through entity (if applicable)
- Also required to report matters to recipient integrity and performance (i.e., SAM and FAPIIS)
- Includes any activities or subawards in connection with the Federal award.

Potential conflicts of interest must be reported in writing within 72 hours of the suspected violation.

E. Contract Administration – RE: FASRG

The district maintains the following oversights to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.

JISD adheres to the following regarding purchasing control environment:

- Supervision of purchasing process is conducted on a daily basis.
- Approval of purchase orders is conducted at the campus and departmental levels. The campus or department administrator reviews the purchase orders for need and available funding prior to

approval and being submitted to the business office. The business office verifies that funds are available before any procurement action is taken.

- The business manager reviews the purchases for compliance before approving them for issuance to vendors.
- The business office and superintendent are responsible for ensuring that duties among purchasing and accounting personnel are properly segregated (to the degree possible) to provide an environment with checks and balances.
- The business office is responsible for ensuring that purchasing files and records are complete and maintained in an orderly fashion for the period required by law.
- Receiving personnel are trained and monitored to ensure that the proper procedures are followed with incoming merchandise (i.e., the counting and inspection of merchandise received and the completion of receiving reports).
- Although receiving personnel are responsible for the initial verification of invoices, accounting personnel verify that the invoice, purchase order, and receiving report match before presenting the invoice for approval for payment.
- The requesting campus or department is responsible for ensuring that the order agrees with its original purchase order.
- An internal review of the purchasing process is performed periodically. This review usually is made by the business manager/CFO and ensures that purchasing policies and procedures are being followed by district personnel.
- The district ensures that all potential conflicts of interest are identified prior to any purchases involving a district employee and vendor. All vendors should be handled at arm's length, so no impression of improprieties exist.

All administrative procedures extend to areas such as analysis of products provided, review of services, and review of vendor performance. Potential areas of quality assurance and quality control for which the purchasing office may have responsibility include the following:

Administrative Controls

- ensuring funds are available for a formal solicitation unless otherwise directed by district administrators
- ensuring the utilization of contracted vendors as applicable when making district purchases
- ensuring legal compliance with bid, proposal, and quotation requirements

Product Controls

- product review and testing, as applicable and available, to ensure items purchased meet the advertised specifications
- ongoing analysis of product quality and quality of service delivery
- product reliability analysis
- vendor Performance
- review of compliance with contractual terms for prices
- analysis of timeliness and accuracy of product delivery
- service availability
- completeness and accuracy of order
- responsiveness to problems
- quality of products or services received

Whenever problems are encountered with a vendor (i.e., a vendor fails to deliver certain items or a delivery does not meet specifications), it is important to document the problem, noting the date and including an accurate description of the problem. The vendor should then be contacted and told specifically how the school district wants the problem corrected. The school district should keep a record of all contact, including the dates and what was discussed. If the problem is not

resolved or continues, written notification to the vendor should state the problem, the corrective action required, and that the vendor's failure to correct the problem will be considered a breach of contract and could result in the cancellation of the contract. This record of information about vendor performance is very important in the evaluation of the vendor. If significant problems are encountered with the vendor, the school district should consult with legal counsel concerning the removal of the vendor from the contracted vendor list and discontinuing any business with the vendor for a legally allowable period. Junction ISD attempts to develop an open and professional relationship with each vendor

Property Management Systems

A. Property Classifications

The following property classifications are found in Federal law.

Equipment means tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the district for financial statement purposes, or \$10,000. 2 C.F.R. § 200.1 (*Equipment*).

***TEA TAA dated 2/13/2025 changes to be implemented as of 7/1/2025. The definition of equipment has changed the initial purchase price from \$5,000 per unit or local acquisition threshold, whichever is lower, to \$10,000 per unit or local acquisition threshold, whichever is lower. JISD will determine if the district will utilize the new federal definition of equipment or make a more restrictive policy to remain at the 45, 000 threshold or a different local acquisition threshold amount.*

Supplies means all tangible personal property other than Equipment. A computing device is a supply if the acquisition cost is less than the lesser of the capitalization level established by the district for financial statement purposes or \$10,000, regardless of the length of its useful life. 2 C.F.R. § 200.1 (*Supplies*).

Computing devices means machines used to acquire, store, analyze, process, and publish data and other information electronically, including accessories (or "peripherals") for printing, transmitting and receiving, or storing electronic information. 2 C.F.R. § 200.1 (*Computing devices*).

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

- Land, buildings (facilities), equipment, and intellectual property (including software) whether acquired by purchase, construction, manufacture, lease-purchase, exchange, or a lease accounted for as a financed purchase under Government Accounting Standards Board (GASB) standards or a finance lease under Financial Accounting Standards Board (FASB) standards; and
- Additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations or alterations to capital assets that materially increase their value or useful life.
- ***TEA TAA dated 2/13/2025 FASRG Rules 1.2.4.3 Capitalization of Assets referring to the \$5,000 threshold per unit cost for capitalized assets. The FASRG will be updated to reflect this change in April of 2026. The new per-unit cost will be increased to \$10,000 to align with the federal changes outlined in the TEA TAA.*

B. Inventory Records

For equipment purchased with Federal funds (in part or in whole), the original request for purchase information is maintained along with the purchase orders and hard copies in the business office filing system.

- Serial number or other identification number
- Source of funding for the property
- Who holds title

- Acquisition date and cost of the property
- Percentage of Federal contribution towards the original purchase
- Location, use and condition of the property
- Any ultimate disposition data including the date of disposal and sale price of the property

The district is responsible for maintaining and *updating* property records when there is a change in the status of the property. JISD maintains computing devices and supplies are included in inventory as applicable and inventory process is active. Property stolen, lost, sold and that which cannot be repaired are notated on department inventory spreadsheets and reported according to the insurance company if applicable.

Physical Inventory

A physical inventory of the property must be taken, and the results reconciled with the property records at least once every two years. JISD revises physical inventory per department as needed. Each department inspects each shipment to ensure it matches the purchase order and documents the condition and receipt of physical inventory. Upon receipt of invoices the business office reconciles the department receipt of inventory to the invoiced amount. Finance records are maintained in the business office and physical inventory is maintained within each department.

Maintenance

In accordance with 2 C.F.R. § 200.313(d)(4), the district maintains regular adequate maintenance procedures to ensure that property is kept in good and proper working condition. Annually departments inspect equipment and/or computing devices for functionality

Lost or Stolen Items

The district maintains a control system that ensures adequate safeguards are in place to prevent loss, damage, or theft of the property. Any loss, damage, or theft of equipment must be investigated. The district must notify the Federal agency or pass-through entity of any loss, damage, or theft of equipment that will have an impact on the program.

Safeguards are in place to ensure property is safeguarded. Property allowed to be taken off-site is approved by department directors and documented on required sign-out and sign-in forms for equipment use/rent. Including computing devices. Computing devices and other applicable equipment are marked as property of the district. If equipment is lost or suspected to be stolen, as soon as possible the incident is documented and reported to administration and law enforcement if applicable. As necessary and applicable interviews may be conducted, and a police report is filed. Property is removed from the inventory list after the incident/report is closed/resolved. Department directors report to the superintendent, who makes the final decision as to what the protocol is followed.

Use of Equipment

Equipment must be used in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by the Federal award, and the district will not encumber the property without prior approval of the Federal awarding agency and the pass-through entity. When no longer needed for the original program or project, the equipment may be used in other activities supported by the Federal awarding agency, in the following order of priority: (1) activities under a Federal award from the Federal awarding agency which funded the original program or project; then (2) activities under Federal awards from other Federal awarding agencies. Equipment exchanged between programs or projects is sent out electronically and to other departments. For example, if a school no longer needs a computing device, how are other schools alerted to the possibility that this equipment is available. During the time equipment is used on the project or program for which it was acquired, the equipment will also be made available for use on other projects or programs currently or previously supported by the Federal government, provided that such use will not interfere with the work on the projects or program for which it was originally acquired. First preference for other use must be given to other programs or projects supported by the Federal

awarding agency that financed the equipment. Second preference is given to programs or projects under Federal awards from other Federal awarding agencies. Use for non-Federally funded programs or projects is also permissible, provided such use will not interfere with the purpose for which it was originally acquired.

C. Disposal of Equipment

When it is determined that original or replacement equipment acquired under a federal award is no longer needed for the original project or program or for other activities currently or previously supported by a federal awarding agency, the business office will contact the awarding agency or pass-through entity for disposition instructions. Generally, disposition of equipment is dependent on its fair market value (FMV) at the time of disposition. If the item has a current FMV of \$10,000 or less, it may be retained, sold, or otherwise disposed of with no further obligation to the Federal awarding agency. If the item has a current FMV of more than \$10,000, the Federal awarding agency or pass-through entity is entitled to the Federal share of the current market value or sales proceeds. The district may retain \$1,000 to cover expenses associated with the selling and handling of the equipment. If acquiring replacement equipment, the district may use the equipment to be replaced as a trade-in or sell the property and use the proceeds to offset the cost of the replacement property.

[The Uniform Grants Guidance requires recipients to establish sales procedures to ensure the highest possible return. Sales procedures are conducted through administrative offices.

Equipment retention

When included in the terms and conditions of the Federal award, the Federal agency may permit the recipient to retain equipment with no further obligation to the Federal Government unless prohibited by Federal statute or regulation.

D. Disposal of Supplies

Supplies are an allowable direct charge (2 C.F.R. § 200.453). Title to supplies acquired under the Federal award will vest upon acquisition in the recipient or subrecipient. If there is a residual inventory of unused supplies at the end of the period of performance exceeding \$10,000 in total aggregate value, and the supplies are not needed for any other Federal award, the district may retain or sell the supplies. The Federal agency or pass-through entity is entitled to compensation in an amount calculated by multiplying the percentage of the Federal agencies or pass-through entity's contribution towards the cost of the original purchase(s) by the current market value or proceeds from the sale. The district may retain \$1,000 to cover expenses associated with the selling and handling of the equipment.

- Unused supplies mean supplies that are in new condition, not having been used or opened before.
- The aggregate value of unused supplies consists of all supply types, not just like-item supplies.

II. Written Compensation Policies

A. Time and Effort

Time and Effort Standards

All employees who are paid in full or in part with Federal funds must keep specific documents to demonstrate the amount of time they spent on grant activities. This includes an employee whose salary is paid with State or local funds but is used to meet a required "match" in a federal program. These documents, known as time and effort records, are maintained to charge the costs of personnel compensation to Federal grants.

Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

- Be supported by a system of internal controls which provides reasonable assurance that the charges are accurate, allowable, and properly allocated.
- Be incorporated into official records.

- Reasonably reflect total activity for which the employee is compensated, not exceeding 100% of compensated activities.
- Encompass both Federally assisted, and all other activities compensated by the district on an integrated basis.
- Comply with the established accounting policies and practices of the district; and
- Support the distribution of the employee's salary or wages among specific activities or cost objectives.

Time and Effort Procedures

Time and effort are maintained at the campus and administrative level. Employees are required to document their maintenance of effort each semester. Hard copy documentation is maintained and is required to be signed by the employee and their administrator. Documents are reviewed by the federal awards administrator each semester. The documents are not required to be sent to the pass-through agency or department.

Reconciliation and Closeout Procedures

It is critical for payroll charges to match the actual distribution of time recorded on the monthly certification documents. Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to Federal awards but may be used for interim accounting purposes provided that the system for establishing the estimates produces reasonable approximations of the activity performed. Significant changes in federal awards are recognized through monthly monitoring and reconciliation based on budget estimates. Adjustments are made after confirming allowability and proper allocation. Year-end closeout procedures are reviewed by the federal programs administrator/business office.

III. Record Keeping

A. Record Retention

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

The U.S. Department of Education is authorized to recover any Federal funds misspent within five (5) years before the receipt of a program determination letter. 34 C.F.R. § 81.31(c).

Consequently, the District retain records for a minimum of five (5) years from the date on which the final Financial Status Report is submitted, unless otherwise notified in writing to extend the retention period by the awarding agency, cognizant agency for audit, oversight agency for audit, or cognizant agency for indirect costs. However, if any litigation, claim, or audit is started before the expiration of the record retention period, the records will be retained until all litigation, claims, or audit findings involving the records have been resolved and final action taken. 2 C.F.R. § 200.334. Records are shredded and removed from inventory documents.

B. Collection and Transmission of Records

When practicable, the district must collect, transmit, and store Federal award information in an open and machine-readable format. A machine-readable format is a format in a standard computer language (not English text) that can be read automatically by a computer system. The district may substitute electronic versions of original paper records through duplication or other forms of electronic conversion, provided that the procedures are subject to quality control reviews. Quality control reviews must ensure that electronic conversion procedures provide safeguards against the alteration of records and assurance that records remain in a format readable by a computer system. Records are kept electronically and hard copy on-site. They are provided to awarding agencies to meet reporting requirements and to auditors and monitors

electronically. If the records are kept electronically, 2 C.F.R. § 200.336 allows recipients to transmit them electronically, meaning there's no need to make paper copies.

C. Access to Records

The district provides the awarding agency, Inspectors General, the Comptroller General of the United States, and the pass-through entity, or any of their authorized representatives the right of access to any documents, papers, or other records of the district which are pertinent to the Federal award to perform audits, execute visits, examinations, excerpts, other official use, and transcripts. The right also includes timely and reasonable access to the district's personnel for the purpose of interview and discussion related to such documents or the Federal award in general.

D. Privacy

The district is required to take reasonable cybersecurity and other measures to safeguard information including protected personally identifiable information (PII) and other types of information. This also includes information the Federal agency or pass-through entity designates as sensitive or other information the district considers consistent with applicable privacy laws (2 C.F.R. § 200.453). The district redacts or sends personal information of both students and employees by secure electronic submission. Password policies require frequent changes. Employees are trained in the requirements of the Family Educational Rights and Privacy Act (FERPA). Procedures are in place when a request for documentation is made to ensure that the person has the right to the documentation.

IV. Emergency Policies and Procedures

Policies and procedures use chain of command for district to use if there is an identified emergency that affects the district. The administration office will take the lead in coordinating the decisions and communications to employees.

V. Subrecipient Monitoring

The district does not award subgrants.

Legal Authorities and Helpful Resources

The following documents contain relevant grants management requirements. Staff should be familiar with these materials and consult them when making decisions related to the Federal grant.

- Education Department General Administrative Regulations (EDGAR) and the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Grants Guidance at 2 C.F.R. Part 200)
 - <https://www2.ed.gov/policy/fund/reg/edgarReg/edgar.html>
- Federal program statutes, regulations, and guidance
 - <http://www.ed.gov/>
- State and/or District regulations, rules, and policies