

ANDREWS INDEPENDENT SCHOOL DISTRICT



EDGAR

STATE AND FEDERAL GRANTS

FINANCIAL /ADMINISTRATIVE PROCEDURES MANUAL

Revised August 31, 2026

TABLE OF CONTENTS

INTRODUCTION.....	6
I. FINANCIAL MANAGEMENT SYSTEM.....	9
A. Financial Management Standards.....	9
1. Identification	9
2. Financial Reporting	9
3. Accounting Records	9
4. Internal Controls.....	9
5. Budget Control	11
6. Cash Management	11
7. Allowable Costs	11
B. Overview of the Financial Management/Accounting System	11
1. General Ledger.....	12
C. Budgeting.....	13
1. Budgeting for All Estimated Revenue and Proposed Expenditures According to TEC Ch 4413	
a. <i>Fiscal Year</i>	13
b. <i>Preparation of Budget</i>	13
c. <i>Records and Reports</i>	13
d. <i>Notice of Budget and Tax Rate Meeting: Budget Adoption</i>	14
e. <i>Publication of Summary of Proposed Budget</i>	14
f. <i>Filing of Adopted Budget</i>	14
g. <i>Posting of Adopted Budget</i>	14
h. <i>Effect of Adopted Budget: Amendments</i>	14
2. Budgeting for Federal and State Grants	15
a. <i>The Planning Phase: Meetings and Discussions</i>	15
b. <i>Submitting the Grant Application for Federal and State Awards</i>	16
c. <i>After Receiving the GAN/NOGA for Federal and State Program Awards</i>	17
d. <i>Amending the Budget for Federal and State Programs</i>	18
e. <i>Budget Control for Federal and State Programs</i>	19
D. Accounting Records	20
1. Accounting System According to TEC Chapter 44 Fiscal Management	20
a. <i>Accounting System</i>	20
b. <i>Records and Reports</i>	20
2. Accounting Code Structure	20
a. <i>Local Option Codes</i>	21
3. Accounting Records	21
4. Accounting Controls.....	21
E. Spending Grant Funds	22
1. Direct and Indirect Costs	22
a. <i>Determining Whether a Cost is Direct or Indirect</i>	22
b. <i>Indirect Cost Rate</i>	22
c. <i>Applying the Indirect Cost Rate</i>	22
2. Determining Allowability of Costs: Subpart E – Cost Principles	23
a. <i>Basic Considerations</i>	24
b. <i>General Provisions for Selected Item of Cost</i>	26
c. <i>Travel Costs</i>	28
d. <i>Field Trips</i>	34

e. Hosting a Conference.....	34
f. Program-Specific Fiscal Compliance	34
F. Cash Management	36
1. Cash Management for Federal Funds	36
a. <i>Payment Methods</i>	36
b. <i>Expenditure Reporting System (TEA's system)</i>	38
2. Local Cash/Check Handling	39
a. <i>General Cash and Check Receipt Procedures</i>	40
3. Petty Cash	41
4. Check Processing	41
5. Returned Checks	42
G. Timely Obligation of Funds	42
1. When Obligations are Made	42
2. Period of Availability of Federal Funds.....	43
a. <i>State-Administered Grants</i>	43
b. <i>Direct Grants</i>	43
c. <i>For Both State-Administered and Direct Grants</i>	43
3. Carryover	44
a. <i>State-Administered Grants</i>	44
b. <i>Direct Grants</i>	44
H. Program Income.....	45
1. Definition	45
a. <i>Program Income Includes</i>	45
b. <i>Program Income Is Not</i>	45
II. PROCUREMENT SYSTEM.....	46
A. Responsibility for Purchasing	46
B. Purchase Orders	46
1. Definition of a Purchase Order	46
2. Use of Purchase Orders.....	46
3. Requisitions	48
4. Purchase Orders	49
5. Blanket Purchase Orders.....	49
6. Cancellation of Purchase Orders.....	50
7. Encumbrances	50
8. Invoices/Payment Requests	50
9. Purchasing Deadlines.....	51
10. Required Documentation for Disbursement of Funds	51
11. Registration Fees.....	52
12. Sales Tax Exemption Form.....	52
13. Subscriptions and Memberships	52
14. Vendors	52
C. Purchase Methods.....	52
1. Purchasing Thresholds	52
a. <i>Local and State Purchases</i>	53
b. <i>Federal Purchases</i>	53
2. Local and State Purchasing Laws.....	53
a. <i>State Purchasing Law TEC 44.031</i>	53
b. School Buses (TEC 44.031(1))	53
c. Contract with Person Indebted to LEA	54
d. Public Notice (TEC44.031(g)).....	54

e. Award Determinations (TEC 44.031(b))	54
f. Electronic Bids or Proposals (TEC 44.0313).....	55
g. Contracted Related and Management Fees Under Certain Coop Purchasing Contracts	55
h. Criminal History of Contractor (TEC 44.034).....	55
i. Construction Services, Design-Build, Construction Manager-Agent, Manager-At-Risk.....	55
j. State Law TEC 44.0351.....	56
k. State Law TEC 44.0352.....	57
l. Enforcement of Purchase Procedures According to Texas Education Code 44.032	57
3. Federal Purchases	58
a. <i>Micro-Purchases (Purchases up to \$10,000)</i>	58
b. Small Purchase Procedures (\$10,000- \$50,000).....	58
c. Purchases \$50,000 - \$150,000	58
d. Purchases Over \$150,000.....	59
4. Noncompetitive Proposals	61
5. Contract Cost/Price Analysis	61
6. Auditor Selection	62
D. Purchase Cards	63
1. General Information.....	63
2. Process	63
3. Violations & Consequences	63
4. Purchase Card Rebates or Discounts	64
5. Gift Cards and Debit Cards.....	64
E. Full and Open Competition.....	64
1. Geographical Preferences Prohibited.....	64
2. Prequalified Lists	65
3. Solicitation Language	65
F. Federal Procurement System Standards	66
1. Avoiding Acquisition of Unnecessary or Duplicative Items	66
2. Use of Intergovernmental Agreements	66
3. Use of Federal Excess and Surplus Property	66
4. Debarment and Suspension.....	66
5. Maintenance of Procurement Records	66
6. Time and Materials Contracts	67
7. Settlements of Issues Arising Out of Procurements.....	67
8. Protest Procedures to Resolve Dispute	67
G. Conflict of Interest Requirements	67
1. Standards of Conduct (Conflicts of Interest)	68
a. <i>Mandatory Disclosure to the LEA</i>	68
b. <i>Removal from the Procurement Transaction</i>	69
2. Purchasing Code of Ethics	69
3. Organizational Conflicts	70
4. Disciplinary Actions	70
5. Mandatory Disclosure.....	70
H. Contract Administration	71
1. Rental/Usage of Facilities	72
2. Procedures for Submitting a Consultant Service Contract	72
3. Accountability.....	73
4. Recommended Language for Contracts with Federal Funds	74
III. PROPERTY MANAGEMENT SYSTEMS	75
A. Property Classifications.....	75

1. Equipment	75
2. Supplies	75
3. Computing Devices	75
4. Capital Assets.....	75
B. Inventory Procedure.....	75
C. Inventory Records.....	76
D. Physical Inventory	76
1. Fixed (capital) Assets	76
2. Supplies and Computing Devices	77
E. Maintenance	77
F. Lost or Stolen Items	77
G. Use of Equipment.....	78
1. Transfer of Equipment for Federal Grants Where TEA is the Pass-Through Entity.....	78
2. Transfer of Equipment for Direct Federal Grants	78
3. Current Use of Equipment Shared with Other Projects of Programs	78
H. Disposal of Equipment.....	79
1. Sale of Surplus Property.....	80
I. Control of Property, Equipment, Supplies Placed in Private School for Equitable Services.....	80
IV. WRITTEN COMPENSATION POLICIES.....	81
A. Time and Effort.....	81
1. Time and Effort Standards	81
2. Time and Effort Procedures	81
a. Single Cost Objective (Periodic/Semi-Annual Certification)	82
b. <i>Multiple Cost Objectives (Time and Effort Personnel Activity Reports - PARs)</i>	82
c. Substitute System for Time and Effort Reporting for Employees	83
3. Reconciliation and Closeout Procedures.....	84
4. Job Descriptions.....	85
5. Employee Exits	85
B. Human Resources Policies	86
1. Position Control.....	88
V. RECORD KEEPING	89
A. Record Retention	89
1. State Law Regarding Records Retention.....	89
B. Collection and Transmission of Records	91
C. Access to Records.....	93
D. Privacy	93
VI. SELF-MONITORING AND AUDIT RESOLUTION	94
A. Program Evaluation.....	94
B. Monitoring Implementation of Written Policies and Procedures	94
C. Audit Resolution	94
VII. QUESTIONS TO CONSIDER WHEN DETERMINING ALLOWABLE COSTS	95
VIII. Emergency/Pandemic Relief Closeout & Record.....	97
IX. LEGAL AUTHORITIES AND HELPFUL RESOURCES.....	97
X. APPENDICES	98
A. Chart of Accounts	
B. Andrews ISD Semi-Annual Personnel Certification Program	

- C. Sample of Personnel Activity Report (PAR)**
- D. TEA Substitute System of Time-and-Effort Schedule for Employees Supported by Multiple Cost Objectives**
- E. TEA Management Certification for Substitute System of Time-and-Effort Reporting for Local Educational Agencies**
- F. Internal Control Procedures**
 - (1) Contract Management**
 - (2) Purchasing**
 - (3) Vendor Management**
 - (4) Cash Management Procedures**
- G. Grant Management Procedures**
- H. State Programs-Allotments**
- I. Federal IDEA-B Grant Manual**
- J. Intra-District Mileage Chart**
- K. TEA Justification Form for Field Trips with Federal Funds**

INTRODUCTION

This manual sets forth the policies and procedures used by Andrews Independent School District (the “LEA”) to administer federal funds for grants awarded after December 26, 2014. The manual contains the internal controls and grant management standards used by the LEA to ensure that all federal funds are lawfully expended. It describes in detail the LEA’s financial management system, including cash management procedures, procurement policies; inventory management protocols; procedures for determining the allowability of expenditures; time and effort reporting; record retention; and sub-recipient monitoring responsibilities. New employees of the LEA, as well as incumbent employees, are expected to review this manual to gain familiarity and understanding of the LEA’s rules and practices.

Although this manual is not all-inclusive and cannot address all situations, it does provide general information to assist with standard financial operations and grants management. All LEA personnel with financial and administrative duties, and program-specific fiscal duties, are responsible for the contents.

A. Waste, Fraud, and Abuse

To ensure the public receives the most value, the LEA strives to ensure its administrative management of public funds is as effective and efficient as possible, with a high standard of accountability to prevent waste, fraud, and abuse.

All trustees, employees, vendors, contractors, consultants, volunteers, and any other parties who are involved in the LEA’s financial transactions shall act with integrity and diligence in duties involving the LEA’s financial resources.

1. Conflict of Interest

No LEA employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a federal, state, or other award if he or she has a real or apparent conflict of interest. If required by the terms and agreements of a Grant Award Notice and/or the awarding agency, the LEA will disclose in writing any potential conflict of interest to the awarding agency in accordance with the awarding agency’s policies.

Please see page 66 for Conflict of Interest procedures, Purchasing Code of Ethics, and Definitions.

2. Fraud and Financial Impropriety

The LEA prohibits fraud and financial impropriety, as defined below, in the actions of its trustees, employees, vendors, contractors, consultants, volunteers and others seeking or maintaining a business relationship with the LEA. These persons shall not seek a financial or other advantage, either personally or for the LEA, through bribery, fraud, kickbacks, misapplication of funds, malfeasance, gross mismanagement, or other criminal activities. These persons shall not offer, promise, give, request, agree to receive or accept a bribe for any

purpose. Excessive or lavish gifts or hospitality in relation to business transactions or arrangements with granting agencies, contractors, vendors or other parties to contracts might constitute bribery.

Please see page 67 for a definition of nominal vs excessive gifts.

Fraud and financial impropriety include, but are not limited to:

- ⊖ Forgery or unauthorized alteration of any document or account belonging to the LEA;
- ⊖ Forgery or unauthorized alteration of a check, bank draft, or any other financial document;
- ⊖ Misappropriation of funds, securities, supplies, or other LEA assets, including employee time;
- ⊖ Impropriety in the handling of money or reporting of LEA financial transactions;
- ⊖ Profiteering as a result of insider knowledge of LEA information or activities;
- ⊖ Unauthorized disclosure of confidential or proprietary information to outside parties;
- ⊖ Unauthorized disclosure of investment activities engaged in or contemplated by the LEA;
- ⊖ Accepting or seeking anything of material value from contractors, vendors, or other persons providing services or materials to the LEA;
- ⊖ Destroying, removing, or inappropriately using records, furniture, fixtures, or equipment;
- ⊖ Failure to provide financial records required by state and local entities;
- ⊖ Failure to disclose conflicts of interest as required by policy; and
- ⊖ Any other dishonest act regarding the finances of the LEA.

The LEA will take appropriate action to prevent incidents of fraud, malfeasance, misapplication of funds, gross mismanagement, or other criminal activities in all forms, which may be prosecutable. The LEA will promptly disclose in writing to the federal awarding agency or pass-through entity (TEA) when there is credible evidence of violations of federal criminal law involving fraud, bribery, or conflict of interest/gratuity violations potentially affecting the federal award. Please see page 70 for Mandatory Disclosure procedures.

Please see page 67 for Mandatory Disclosure procedures.

3. Reporting Fraud or Financial Impropriety

Any person who suspects fraud or financial impropriety, or suspects that an illegal or unethical act has occurred, shall report the suspicions immediately to any supervisor, the Superintendent or designee, the Board President, or local law enforcement. The LEA will not retaliate against any person who, in good faith, has reported what they believe to be illegal acts by LEA employees, officers, or agents, or of other individuals or entities with whom the LEA has a business relationship, on the basis of a reasonable belief that the practice is in violation of law or clear mandate of public policy.

Employee Whistleblower Rights and Protections (41 U.S.C. 4712): In accordance with federal law, the LEA shall inform all employees in writing of their employee whistleblower rights and protections under 41 U.S.C. 4712. Under this statute, an employee of the LEA may not be discharged, demoted, or otherwise discriminated against as a reprisal for disclosing 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 or grant. The LEA must provide this notification in writing to all employees (e.g., via the Employee Handbook or annual written notice).

A signed written statement shall be completed by the Complainant and should include the following information, if applicable or known: (1) Date of statement; (2) Type of funds, such as federal, state, local; (3) Grant number; (4) Location of incident; (5) Date and time of incident; (6) Source of complaint (employee, vendor, etc.); (7) Description in detail of infraction; (8) Any other pertinent information.

4. Investigating Reports of Fraud or Financial Impropriety

In coordination with legal counsel and other internal or external departments or agencies, as appropriate, the Superintendent, Board President, or a designee shall promptly investigate reports of potential fraud or financial impropriety.

If an investigation substantiates a report of fraud or financial impropriety, the Superintendent or designee shall promptly inform the Board of the report, the investigation, and any responsive action taken or recommended by the administration.

If an employee is found to have committed fraud or financial impropriety, the Superintendent or designee shall take or recommend appropriate disciplinary action, which may include termination of employment. If a contractor or vendor is found to have committed fraud or financial impropriety, the District shall take appropriate action, which may include cancellation of the District's relationship with the contractor or vendor.

When circumstances warrant, the Board, Superintendent, or designee may refer matters to appropriate law enforcement or regulatory authorities. In cases involving monetary loss to the District, the District may seek to recover lost or misappropriated funds.

The final disposition of the matter and any decision to file a criminal complaint or to refer the matter to the appropriate law enforcement or regulatory agency for independent investigation shall be made in consultation with legal counsel.

B. Organizational Information

Organizational charts are available at www.andrews.esc18.net

For assistance with business operations, please contact any of the staff members listed on the Business Office website at www.andrews.esc18.net

I. FINANCIAL MANAGEMENT SYSTEM

The LEA maintains a proper financial management system for the proper accounting of taxpayer money. In order 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 2 CFR §200.302

The standards for financial management systems are found at 2 CFR §200.302. The required standards include:

1. Identification 2 CFR §200.302(b)(1)

The LEA 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 CFDA title and number, federal award identification number and year, name of the federal agency, and, if applicable, name of the pass-through entity.

Please see page 11 for these award/fund identification procedures.

2. Financial Reporting 2 CFR §200.302(b)(2)

Accurate, current, and complete disclosure of the financial results of each federal award or programs must be made in accordance with the financial reporting requirements set forth in the Education Department General Administrative Regulations (EDGAR), specifically 2 CFR §§200.327 Financial Reporting and 200.328 Monitoring and Reporting Program Performance.

Please see page 12 for these financial reporting procedures.

3. Accounting Records 2 CFR §200.302(b)(3)

The LEA must maintain records which adequately identify the source and application of funds provided for federally-assisted activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation.

Please see page 20 for accounting records procedures and page 88 for records management procedures.

4. Internal Controls 2 CFR §§200.302(b)(4); 200.303

Effective control and accountability must be maintained for all funds, real and personal property, and other assets. The LEA must adequately safeguard all such property/assets and must assure that 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.

The LEA must establish and maintain effective internal controls over the Federal award that provides 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; and
- ☞ Compliance with applicable laws and regulations, and the terms and conditions of the awards.

The LEA’s internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” (the “Green Book”) issued by the Comptroller General of the United States (<http://gao.gov/products/GAO-14-704G>) or the “Internal Control Integrated Framework” issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) (<http://coso.org/IC.htm>).

See Appendix F for Andrews ISD’s Internal Control Procedures.

The United States General Accounting Office (GAO) identifies five components of internal controls:

- i. *Control Environment*
A strong control environment allows management and employees to maintain a positive and supportive attitude toward internal controls and conscientious management, such as the codes of conduct for ethical and moral behavioral standards, commitment to competence, appropriate managerial attitudes toward financial, budgetary, and operational and programmatic operations, an organizational structure that clearly defines key areas of authority and responsibility and establish appropriate lines of reporting, robust human resources policies and practices, and a good relationship with oversight agencies.
- ii. *Risk Assessment*
To establish clear and consistent entity objectives and to determine internal and external risks, such as changes in the operating environment, new personnel, new or enhanced information systems, rapid growth, new technology, and new programs or activities.
- iii. *Control Activities*
To help ensure that management’s directives are carried out and that actions are taken to address risks, such as maintaining physical control over valuable assets, segregating key responsibilities among different people, maintaining appropriate documentation, implementing clear written policies in key areas, and restricting access to systems and records.
- iv. *Information and Communication*
To ensure that personnel receive relevant, reliable, and timely information that enables them to carry out their responsibilities. Procedures should be developed for identifying pertinent information and distributing it in a form and time frame that permits personnel to perform their duties efficiently.

v. *Monitoring*

To assess the quality of internal control performance over time and ensure that any findings are promptly resolved. Monitoring should occur on an ongoing basis in the course of normal operations and can include actions such as regular oversight by supervisors, reconciliations, and formal program reviews or audits. Monitoring systems should include policies and procedures for correcting any findings in a timely manner.

The Business Office and Program Administrators are responsible for reviewing, testing and monitoring, and revising as necessary, the internal controls established for the LEA. Review and monitoring of internal controls are performed annually.

5. Budget Control 2 CFR §200.302(b)(5)

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

Please see page 19 for budget control procedures.

6. Cash Management 2 CFR §§200.302(b)(6); 200.305

The LEA must maintain written procedures to implement the cash management requirements found in EDGAR.

Please see page 36 for these cash management procedures.

7. Allowable Costs 2 CFR §§200.302(b)(7); Subpart E - Cost Principles

The LEA must maintain written procedures for determining the allowability of costs in accordance with EDGAR, and the terms and conditions of the Federal award.

Please see page 23 for these allowability procedures.

B. Overview of the Financial Management/Accounting System

Andrews ISD's financial system is Skyward. This system has a Purchasing module which interfaces with its Finance module. The LEA contracts with an outside source for fixed asset inventory tracking. This contractor conducts an annual inventory, which is reconciled to the Skyward Finance module. Federal and state grant budgets are loaded into Skyward by Business Office personnel at either the time of stamp in date or upon notification of grant award. The General Service Fund, Debt Fund, and Child Nutrition budgets are loaded into Skyward after the budget is adopted by the School Board in August. All budgets are tracked by a TEA assigned fund number as outlined in the FASRG.

Business Office personnel are responsible for managing budgets and accounts payable. Under 2 C.F.R. 200.302, a recipient must track the CFDA title and number, federal award identification number and year, name of the federal agency, and, if applicable, name of the pass-through entity of federal and state grants.

The Accounting Coordinator will be responsible for compiling timely and accurate financial reports, subject to review and approval by the Special Revenue Accountant. The reports are prepared and submitted as specified by the financial reporting clause of each grant or contract award document. These reports include monthly and cumulative expenditures, project budgets, and a balance remaining column.

The LEA's financial management system provides for accurate, current, and complete disclosure of the financial results of each grant project. The system adequately identifies the funding source and use of funds and contains information pertaining to grant awards, authorizations, obligations, unobligated balances, assets, outlays (expenditures), income, and interest. The financial accounting system accommodates the minimum 15-digit account code mandated by FASRG, can generate information needed for PEIMS (Public Education Information Management System) reporting, and ensures adequate accountability of State and federal funds.

1. General Ledger

The LEA's detailed general ledger includes, at a minimum, the following information for recorded transactions:

- ☐ Reference number (such as check number, purchase order number, or journal voucher number)
- ☐ Transaction Date
- ☐ Vendor's Name
- ☐ Brief description of the transaction
- ☐ General ledger account code
- ☐ Amount encumbered or obligated
- ☐ Amount paid and/or encumbered

Additionally, for each account code used to account for federal grant expenditures, the detailed ledger may include, respective of each grant program:

- ☐ CFDA Title and number related to source of fund
- ☐ Federal award identification number and year related to source of fund
- ☐ Name of the federal agency related to source of fund
- ☐ Name of the pass-through entity (such as TEA), if applicable, related to source of fund
- ☐ Budgeted expenditures
- ☐ Encumbrances
- ☐ Actual expenditures.
- ☐ A chart of accounts for funds reserved for program-specific fiscal requirements and set-asides

The LEA's payroll reports include, at a minimum, the following information:

- ☐ Employee's first and last name
- ☐ Employee identification number
- ☐ Gross salary and other income
- ☐ Deductions
- ☐ Net earnings
- ☐ For employees paid with federal or State grant funds: The percentage paid out of each grant fund and, if applicable, the percentage paid out of other funding sources

For each pay period, the payroll reports will also include the check date, check number, and fund code to which the payroll costs were charged.

C. Budgeting

1. Budgeting for All Estimated Revenue and Proposed Expenditures According to Texas Education Code Chapter 44 Fiscal Management

a. Fiscal Year

According to TEC 44.0011, the fiscal year of the LEA begins on July 1 or September 1 of each year, as determined by the board of trustees of the district.

This LEA's fiscal year begins on September 1 and ends on August 31.

b. Preparation of Budget

According to TEC 44.002, on or before a date set by the State Board of Education, the superintendent shall prepare, or cause to be prepared, a proposed budget covering all estimated revenue and proposed expenditures of the LEA for the following fiscal year. The budget must be prepared according to generally accepted accounting principles, rules adopted by the State Board of Education, and adopted policies of the board of trustees.

The Assistant Superintendent of Finance will ensure the budget is prepared in accordance with GAAP (generally accepted accounting principles) and State guidelines. The Assistant Superintendent of Finance will develop a budget calendar of critical dates for budget development, submission, and review.

According to the TEA 2010 Financial Accountability System Resource Guide (FASRG), Budgeting Module, inclusion of budgets for local, State, and Federal grant programs is not required for an LEA's officially adopted annual budget; however, budget information for grant programs may be included as a supplement to the official budget. If the LEA has a policy that requires the approval of grant budgets by the school board, the level of detail at which they are approved is left to the discretion of the local school board. However, the authority to approve a budget or budget amendment for a grant program lies with the granting agency and not with the school board.

The LEA does not require that grant program budget information be included as a supplement to the LEA's officially adopted annual budget. The LEA does not require board approval for grant budgets or amendments.

c. Records and Reports

According to TEC 44.003, the superintendent shall ensure that records are kept and that copies of all budgets, all forms, and all other reports are filed on behalf of the LEA at the proper times and in the proper offices as required by this code.

Please see page 89 for records retention procedures.

d. Notice of Budget and Tax Rate Meeting; Budget Adoption.

According to TEC 44.004, when the budget has been prepared under TEC 44.002, the president shall call a meeting of the board of trustees for the purpose of adopting a budget for the succeeding fiscal year. The president shall provide for the publication of notice of the budget and proposed tax rate meeting according to the standards of TEC 44.004, accessed at <http://www.statutes.legis.state.tx.us/Docs/ED/htm/ED.44.htm>. The LEA publishes these notices in a weekly local newspaper.

The board of trustees, at the meeting called for that purpose, shall adopt a budget to cover all expenditures for the LEA for the next succeeding fiscal year. Any taxpayer of the district may be present and participate in the meeting. The budget must be adopted before the adoption of the tax rate for the tax year in which the fiscal year covered by the budget begins.

The LEA complies with TEC 44.004 for requirements regarding tax rates and certified estimates of taxable value, if applicable.

e. Publication of Summary of Proposed Budget

According to TEC 44.0041, concurrently with the publication of notice of the budget under TEC 44.004, the LEA posts a summary of the proposed budget on the LEA's Internet website. The budget summary includes: (1) information relating to per student and aggregate spending on (a) instruction; (b) instructional support; (c) central administration; (d) district operations; (e) debt service; and (f) any other category designated by the commissioner; and (2) a comparison to the previous year's actual spending.

f. Filing of Adopted Budget

According to TEC 44.005, on or before a date set by the State Board of Education, the budget must be filed with TEA according to the rules established by the State Board of Education.

g. Posting of Adopted Budget

According to TEC 39.084, on final approval of the budget by the board of trustees, the LEA will post on the LEA's Internet website a copy of the budget adopted by the board of trustees. The LEA's Internet website must prominently display the electronic link to the adopted budget. The LEA will maintain the adopted budget on the LEA's Internet website until the third anniversary of the date the budget was adopted.

h. Effect of Adopted Budget; Amendments

According to TEC 44.006, public funds of the LEA may not be spent in any manner other than as provided for in the budget adopted by the board of trustees, but the board may amend a budget or adopt a supplementary emergency budget to cover necessary unforeseen expenses. Any amendment or supplementary budget must be prepared and filed according to rules adopted by the State Board of Education.

According to the FASRG Module 2 Budgeting, budget amendments are mandated by the State for budgeted funds reallocated from one function level to another and from one State and/or Federal project to another. These budget changes are usually the result of unexpected levels of

expenditures in certain categories and must be amended in the budget for legal compliance. Other budget amendments are determined by the school board.

All budget amendments are required to be adopted by the last day of the fiscal year.

Based upon the level of detail at which the budget is adopted, budget revisions may or may not be required for reallocations within functional levels or programs. All necessary budget amendments (except for Federal funds) must be formally adopted by the school board and recorded in the board minutes.

To provide an adequate audit trail for budget amendments, a monthly budget amendment report by Fund and Function will be presented to the Board and will include:

- ☞ The original budget amount by fund and function;
- ☞ The amount of the amendment by fund and function; and
- ☞ The amended budget amount by fund and function.

Major program or budget changes are reviewed by the Business Office and Program Administrators to ensure the LEA's legal compliance with state expenditure mandates.

The Assistant Superintendent of Finance will approve and Accounting Coordinator will record budget transfers on a timely basis.

Budget transfers and amendments are submitted through Skyward.

2. Budgeting for Federal and State Grants

a. The Planning Phase: Meetings and Discussions

i. Planning

Planning occurs before the LEA receives the GAN/NOGA. Planning meetings may include parents, teachers, administrators and community members.

The Program Administrator, Business Office and Superintendent's designee are responsible for coordinating the activities in this section. The majority of these planning activities occur during the spring and adjustments are made throughout the year.

Grant programs are unique and have different program and fiscal requirements. The unique character of grant funds results from both the difference in authority over grant funds and their restriction to specific purposes. Therefore, specific program budgets are prepared for each grant. The grant budget is based on how the grant funds can best aid in the implementation of the program plan. The LEA will take into consideration the legal considerations that may affect how grant funds can be used.

If program requirements stipulate a category or element that must be tracked, but is not identifiable from TEA's mandatory account code structure, the LEA will designate a local code to track such an expenditure.

Please see page 21 for a description of specific expenditures that require local option codes.

The following sources are used to develop budgets for Federal grants:

- ☞ Historical data based on previous grant year actual budget;
- ☞ Campus Improvement Plan (CIP);
- ☞ Needs Assessments;
- ☞ District Improvement Plan (DIP);
- ☞ Staffing Needs;
- ☞ Grant Requirements;
- ☞ Carryover Funds, if applicable.

If the grant program has a “Supplement, Not Supplant” requirement, the entire funding picture for the program is examined to ensure that grant funds are not being used to supplant state, local, or other federal funds, as applicable. The Program Administrator is responsible for ensuring the “Supplement, Not Supplant” requirements are not violated.

ii. Reviewing and Approving the Budget

Prior to a grant’s submission, the Program Administrator, Special Revenue Accountant and Deputy Superintendent will review the items in the budget to ensure allowability. See Section titled “Helpful Questions for Determining Whether a Cost is Allowable” for a guidance on allowability. If it is determined that a cost is not allowable, then the relevant staff member will notify the requestor and alert them to make necessary changes and resubmit the request for approval/denial.

Once the staff referenced above determines that all budgeted items are allowable, and upon receipt of approved GAN or submission of the Standard Application, the budget is sent to the Business Office, where it is loaded into Skyward.

See the discussion starting on page 23 on performing allowability determinations.

Responsibilities for grants submitted via TEA’s eGrants applications:

- ☞ Budgeting projections are performed by the Program Administrator
- ☞ The Program Administrator compiles data, using a spreadsheet, to ensure budgeted amounts match allocations
- ☞ The Program Administrator ensures obligations or expenditures are not incurred prior to submittal of the eGrants application

b. Submitting the Grant Application for Federal and State awards

The LEA will submit grant applications to TEA by the due date set by TEA. According to TEA Fiscal Guidelines, eGrants applications must be certified and submitted by an individual who has been authorized by the applicant or grantee organization to enter the organization into a legally binding contractual agreement. The “Authorized Official” is the individual who will represent the applicant or grantee in the event any legal disputes arises. For LEAs, this person is usually the superintendent or designee.

The Program Administrator completes the grant application. The Superintendent's designee reviews, certifies, and submits the grant application.

- ☞ Data entry into the eGrants application is performed by federal program staff.
- ☞ The Program Administrators ensure that the LEA meets TEA's deadlines for submittal of grant applications and amendments
- ☞ Federal program staff certify and submit the completed eGrants application.

i. Program Specific: IDEA-B

Prior to submitting the grant application for IDEA-B funds, the LEA performs an initial Excess Cost calculation and performs Maintenance of Effort (MOE) analysis to determine expenditure and budget data required for determination of compliance with the MOE Eligibility Standard. The Special Education Director and CFO perform the Excess Cost calculation and MOE analysis in the spring prior to submitting the grant application. Documentation is kept in the Business Office.

See pages 34 & 35 for information on performing the final Excess Cost calculation with actual, audited data and information on monitoring and analyzing compliance with MOE.

ii. Program Specific

Prior to submitting the grant application for ESSA, the LEA performs an analysis of the SES status of each campus to determine expenditure and budget preparation and compliance. The Deputy Superintendent, Special Revenue Accountant and the Program Administrator will be responsible for ensuring that all eligible schools receive funding (40% FRL for Title I Schoolwide and 75% FRL for Title I required to serve).

In accordance with policy EHBH Local, the District ensures equivalence among schools in teachers, administrators and other staff.

In accordance with policy EHBD Local, the District ensures equivalence among schools in the provision of curriculum materials and instructional supplies.

c. After Receiving the GAN/NOGA for Federal and State Programs Award

If the GAN/NOGA is for a different amount than initially budgeted, the Program Administrator, Special Revenue Accountant and Deputy Superintendent will meet to review these changes. If major budget changes are required, additional input will be gleaned from other key district personnel.

When the NOGA is received, the Program Administrator will compare the approved NOGA with the grant application to identify any budget revisions TEA may have required before issuing the approval.

The Program Administrator ensures obligations or expenditures are not incurred prior to the effective date, based on the period of obligation established in EDGAR and based on the effective date of the NOGA.

Throughout the grant period, the budget is used as a control measure. The budget is monitored by the Program Administrator as expenditures are incurred.

The Program Administrator ensures expenditures with grant funds are for allowable costs as approved in the grant application and are used for the intended beneficiaries and program.

d. Amending the Budget for Federal and State Programs

Budget amendments are requested before expenditures that exceed acceptable limits are incurred, to ensure that the grant remains in compliance with the granting agency's guidelines. In addition, expenditures requiring a budget amendment generally are not allowable if the obligation is incurred before the approval of the amendment. Expenditure monitoring is performed by the Program Administrator throughout the grant period as a control measure.

The process for amending the budget involves the Special Revenue Accountant, Deputy Superintendent, Program Administrator and campus personnel, when applicable. When an amendment is needed to transfer currently budgeted funds, a Budget Amendment is submitted via the Finance module in Skyward. These amendments must include a justification in the Notes section. When an amendment is needed to increase/decrease currently budgeted funds due to carryover or maximum entitlement funds, an email is sent to the Accounting Coordinator which outlines justification for the increase/decrease, along with appropriate documentation, such as a spreadsheet, GAN/NOGA and revised grant application.

The LEA follows the TEA guidelines for submitting federal and state grant amendments. The Program Administrator monitors the deadlines for each grant to ensure amendments are submitted in a timely manner.

LEA personnel will refer to TEA's "When to Amend the Application" chart for guidance on when to amend a grant application, dependent on type of grant, based on scenarios in the chart.

The chart can be accessed at:

http://tea.texas.gov/Finance_and_Grants/Administering_a_Grant.aspx

Examples taken from the chart:

- ☞ For a federally-funded formula grant, a TEA amendment is NOT required to:
 - o Increase or decrease the amount of funds currently approved in a class/object code on the Program Budget Summary by 25% or less of the total budgeted amount, as long as a new line item is not being added. (Exception: Coordinated Early Intervening Services (CEIS) in the Special Education Consolidated grant application always requires an amendment.)
 - o Increase or decrease the amount of funds budgeted for a line item on any supporting budget schedule (i.e., within a class/object code) as long as the description of the line item does not change and as long as the current amount approved in that class/object code is not changed by more than 25% of the total budgeted amount. (Exception: Coordinated Early Intervening Services (CEIS) in the Special Education Consolidated grant application always requires an amendment.)

- o Increase the salary amount of funds budgeted for a line item (i.e., a position type)
- o Increase or decrease the number of positions previously approved by 20% or less, as long as a new position type is not being added
- ☞ For a federally-funded formula grant, a TEA amendment IS required to:
 - o Add a class/object code not previously budgeted
 - o Increase or decrease the amount of funds currently approved in a class/object on the Program Budget Summary by more than 25% of the total budgeted amount
 - o Add a new line item on any of the supporting budget schedules
 - o Increase or decrease the number of positions approved by more than 20%
 - o Add a type of position not initially approved
 - o Add a new item or increase the quantity of capital outlay items approved for articles costing \$10,000 or more
 - o Add a new item of capital outlay for articles costing less than \$10,000

Local Policy Statement: Andrews ISD reserves the right to be more strict than Federal Law regarding the capitalization threshold of equipment. While federal Uniform Guidance sets a maximum limit of \$10,000 for equipment capitalization, the district may locally enforce a lower, more restrictive capitalization threshold for the purposes of asset property standards, tracking, and financial statement reporting. For more information see the policy (**CB (LOCAL)** and **CBB (LEGAL)**).

e. Budget Control for Federal and State Programs

The LEA monitors its financial performance, at least quarterly, by comparing and analyzing actual results with budgeted results. The Special Revenue Accountant prepares a report from Skyward for review by the Chief Finance Officer (CFO). The CFO will investigate significant variances with the appropriate Program Administrator. The appropriate Program Administrator will also monitor actual expenditures to budget projections on a monthly basis.

The Program Administrator is responsible for performing cost reconciliation on a semi-annual basis (or monthly basis when required) for federally funded positions of employees working on multiple cost objectives. Adjustments will be performed annually if the difference between actual and budgeted is less than ten percent. Adjustments will be performed semi-annually if the difference between actual and budgeted is ten percent or greater.

The Business Office will monitor cash flow statements and fund balances and will perform bank reconciliations on a monthly basis.

The Program Administrator will monitor expenditures, and obligated and encumbered balances of federal funds, on a monthly basis, to ensure purchases benefit the beneficiaries during the grant program and to guard against high carryover amounts.

The following special allotments from the Foundation School Program (FSP) are monitored quarterly by the Program Administrator and Business Office to ensure indirect costs do not exceed the maximum amounts established in Texas Administrative Code (TAC) 105.11: Gifted and Talented, Career and Technology, Special Education, Bilingual Education, and Compensatory Education.

See Appendix H State Programs-Allotments.

The Program Administrator evaluates the budget for its effectiveness in attaining goals and objectives. Evaluation may involve an examination of how funds were expended, what outcomes resulted from the expenditure of funds, and to what degree these outcomes achieved

the objectives stated during the planning phase. This evaluation phase is important in determining the following year's budgetary allocations.

See Appendix G for Andrews ISD's Grant Management Procedures.

See Appendix I for Federal IDEA-B Grant Manual.

D. Accounting Records

1. Accounting System According to Texas Education Code Chapter 44 Fiscal Management

a. Accounting System

According to TEC 44.007, a standard school fiscal accounting system must be adopted and installed by the board of trustees of each LEA. The accounting system must conform with generally accepted accounting principles. The accounting system must meet at least the minimum requirements prescribed by the commissioner, subject to review and comment by the state auditor.

b. Records and Reports

According to TEC 44.007, a record must be kept of all revenues realized and of all expenditures made during the fiscal year for which a budget is adopted. A report of the revenues and expenditures for the preceding fiscal year shall be filed with the agency on or before the date set by the State Board of Education, and according to the requirements of the State Board of Education.

The Business Office is responsible for maintaining accounting records, subject to review and approval by the CFO.

Please see page 88 for records retention procedures.

2. Accounting Code Structure

The proper coding of the budget and classification of expenditures is critical for the accurate oversight of the LEA's budget. The LEA uses the accounting code structure described in the TEA Financial Accountability System Resource Guide (FASRG). The following elements are included in the accounting code structure, in this sequence: (a) A mandatory three-digit Fund Code; (b) A mandatory two-digit Function Code; (c) A mandatory four-digit Object Code; (d) An optional two-digit code to provide special accountability at the local level; (e) A mandatory three-digit Organization Code; (f) A mandatory single-digit Fiscal Year Code; (g) A two-digit Program Intent Code; (h) An optional single-digit code that is used at the local level; (i) An optional two-digit code that is used at the local level to further describe the transaction.

The TEA Financial Accountability System Resource Guide (FASRG) provides the framework for the accounting system and account coding structure. The LEA has prepared a Budget Code Structure and Accounting Code Overview (included in the appendix) to assist campuses/departments in account coding. A link to the FASRG has also been provided on the LEA website for reference.

a. Local Option Codes

i. IDEA-B

For the Federal IDEA-B grant, local option codes are established to ensure proper monitoring and tracking of IDEA-B funds used for proportionate share for equitable services to parentally-placed private school children with disabilities [Note: proportionate share is not applicable to charter schools or any ISDs that do not have private schools, including home schools, in their jurisdiction], the 25% set-aside for residential placement, if using IDEA-B funds for the set-aside, and for Coordinated Early Intervening Services (CEIS), if applicable.

To ensure proper monitoring and tracking of federal funds with identical Fund Codes, local option codes will be utilized.

For State funds, local option codes are established to ensure state compensatory education (SCE) funds and any other funding necessary to sufficiently support the cost of additional accelerated instruction for students who fail to perform satisfactorily on an end-of-course (EOC) assessment instruction according to TEC 28.0217, can be tracked and monitored.

3. Accounting Records

The LEA must maintain records which adequately identify the source and application of funds provided for federally-assisted activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation. Payroll and accounts payable records are kept according to the Texas State Records Retention Schedule. Previous years' payroll and accounts payable records are stored in paper form in the District warehouse according to the Texas State Records Retention Schedule. All other accounting records are kept in accordance with the Texas State Records Retention Schedule.

4. Accounting Controls

The Business Office utilizes a year-end audit preparation checklist to ensure year-end balances are reflected correctly.

The Assistant Superintendent of Finance reviews financial statements for accuracy on a monthly basis.

The Assistant Superintendent of Finance evaluates the internal accounting system and its report writing capabilities in order to conform internal reports to the formats required for year-end.

The Assistant Superintendent of Finance ensures the annual inventory of capital assets is reconciled with the subsidiary ledger or general ledger.

The Assistant Superintendent of Finance ensures the Form SF-SAC Data Collection Form for Reporting on Audits of States, Local Governments, and Non-Profit Organizations is filed by the deadline for each fiscal year.

E. Spending Grant Funds

1. Direct and Indirect Costs

While developing and reviewing the grant budget, the Program Administrators should keep in mind the difference between direct costs and indirect costs.

a. Determining Whether a Cost is Direct or Indirect

Direct costs are those costs that can be identified specifically with a particular final cost objective, such as a federal award, or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy. 2 CFR §200.413(a). Indirect costs are those that have been incurred for a common or joint purpose benefitting more than one cost objective, and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved. 2 CFR §200.56. Costs incurred for the same purpose in like circumstances must be treated consistently as either direct or indirect costs. 2 CFR §200.413(a).

Identification with the federal award rather than the nature of the goods and services involved is the determining factor in distinguishing direct from indirect costs of Federal awards. Typical costs charged directly to a federal award are the compensation of employees who work on that award, their related fringe benefit costs, the costs of materials and other items of expense incurred for the Federal award. 2 CFR §200.413(b). The salaries of administrative and clerical staff should normally be treated as indirect costs. Direct charging of these costs may be appropriate only if all of the following conditions are met:

- ☞ Administrative or clerical services are integral to a project or activity;
- ☞ Individuals involved can be specifically identified with the project or activity;
- ☞ Such costs are explicitly included in the budget or have the prior written approval of the federal awarding agency; and
- ☞ The costs are not also recovered as indirect costs. 2 CFR §200.413(c).

b. Indirect Cost Rate

(1) Negotiated Rate: The LEA has received an extension of its 2014-2015 indirect cost rate through June 30, 2019. The 2014-2015 indirect cost rate (2.304% Restricted Rate, 22.766% Unrestricted Rate) was based on the Schedule of Expenditures for Computation of Indirect Cost for General and Special Revenue Funds from the LEA's 2012-2013 audit report. This schedule was prepared by the CFO.

(2) De Minimis Rate (2 CFR §200.414(f)). In accordance with federal regulations, any non-Federal entity that does not have a current negotiated (including provisional) rate, except for those non-Federal entities described in Appendix VII to Part 200, paragraph D.1.b, may elect to charge a de minimis rate of 15% of modified total direct costs (MTDC) which may be used indefinitely. If chosen, this rate must be used consistently for all Federal awards until such time as the LEA chooses to negotiate for a rate, which the LEA may apply to do at any time.

c. Applying the Indirect Cost Rate

Once the LEA has an approved indirect cost rate, the percentage is multiplied against the actual direct costs (excluding distorting items such as equipment, contracts in excess of \$25,000, 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 CFR §76.569. Once the LEA applies the approved rate, the funds that may be claimed for indirect costs have no federal accountability and may be used as if they were non-federal funds. For Direct Grants, reimbursement of

indirect costs is subject to the availability of funds and statutory or administrative restrictions. 34 CFR §75.564.

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.

2. Determining Allowability of Costs: Subpart E – Cost Principles

Expenditures must be aligned with approved budgeted items. Certain changes or variations from the state-approved budget and grant application need prior approval from the state, according to TEA's guidance on "When to Amend the Application" accessed at:
http://tea.texas.gov/Finance_and_Grants/Administering_a_Grant.aspx

Please see page 18 for procedures for amending the budget and grant application.

When determining how the LEA will spend its grant funds, the respective Program and/or Campus Administrator will review the cost to determine whether it is an allowable use of federal grant funds:

- ☞ Before submitting their grant application
- ☞ Before obligating and spending those funds on the proposed good or service
- ☞ After the cost item is purchased and received, to ensure it is being used for its intended purpose (this includes ensuring that the personnel who will use the cost item are aware of its fund source and intended purpose, as applicable; labeling the equipment with its fund source, if applicable)

Except where otherwise authorized by statute, all costs supported by federal education funds must meet the standards outlined in EDGAR, 2 CFR Part 3474 and 2 CFR Part 200, as well as program-specific requirements and State and local rules.

Part 200's cost guidelines must be considered when federal grant funds are expended. Federal rules require state- and local-level requirements and policies regarding expenditures to be followed as well. When differing regulations and rules conflict, the most restrictive rule is followed. For example, state and/or local policies relating to travel or equipment may be narrower than the federal rules and therefore, the stricter State and/or local policies must be followed. Further, certain types of incentives are allowable under federal law, but are not allowable under State law.

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 (ESSA), or the Carl D. Perkins Career and Technical Education Act (Perkins), or IDEA-B), along with accompanying program regulations, non-regulatory guidance and grant award notifications.

This manual includes sections on "Basic Considerations", "General Provisions for Selected Items of Cost", and "Questions to Consider When Determining Allowability of Cost with Federal Funds." Fiscal and program staff should refer to these sections to ensure purchases are allowable with federal funds.

a. Basic Considerations 2 CFR §§200.403-406

Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

- ☞ Be Necessary and Reasonable for the performance of the federal award. 2 CFR §200.403(a). LEA staff must consider the following elements when determining the reasonableness of a cost. A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. 2 CFR §200.404. 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:

- o Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the LEA or the proper and efficient performance of the federal award. 2 CFR §200.404(a)
- o The restraints or requirements imposed by such factors as: sound business practices; arm's-length bargaining; federal, state, local, and other laws and regulations; and terms and conditions of the federal award. 2 CFR §200.404(a)
- o Market prices for comparable goods or services for the geographic area. 2 CFR §200.404(c)
- o Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the LEA, its employees, its students, the public at large, and the federal government. 2 CFR §200.404(d)
- o Whether the LEA significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the federal award's cost. 2 CFR §200.404(e)

While 2 CFR §200.404 does not provide specific descriptions of what satisfies the "necessary" element beyond its inclusion in the reasonableness analysis above, necessary is determined based on the needs of the program. Specifically, the expenditure must be necessary to achieve an important program objective. A key aspect in determining whether a cost is necessary is whether the LEA can demonstrate that the cost addresses an existing need, and can prove it. For example, the LEA may deem a language skills software program necessary for a limited English proficiency program.

When determining whether a cost is necessary, consideration may be given to:

- o Whether the cost is needed for the proper and efficient performance of the grant program
- o Whether the cost is identified in the approved budget or application
- o Whether there is an educational benefit associated with the cost
- o Whether the cost aligns with identified needs based on results and findings from a needs assessment
- o Whether the cost addresses program goals and objectives and is based on program data

- ☞ Be allocable to the federal award. 2 CFR §200.403(a). A cost is allocable to the federal award if the goods or services involved are chargeable or assignable to that federal award in accordance with the relative benefits received. 2 CFR §200.405(a). This means that the federal grant program derived a benefit in proportion to the funds charged to the program. For example, if 50% of a teacher's salary is paid with grant funds, then that teacher must spend at least 50% of his or her time on that grant program.

The allocable standard is met if the cost:

- o Is incurred specifically for the federal award
- o Benefits both the federal award and other work of the LEA and can be distributed in proportions that may be approximated using reasonable methods; and
- o Is necessary to the overall operation of the LEA and is assignable in part to the federal award in accordance with the principles in 2 CFR §200.405

If a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost must be allocated to the projects based on the proportional benefit. If a cost benefits two or more projects or activities in proportions that cannot be determined because of the interrelationship of the work involved, the costs may be allocated or transferred to benefitted projects on any reasonable documented basis. 2 CFR §200.405 (d).

- ☞ **Conform to any limitations or exclusions set forth as cost principles in Part 200 or in the terms and conditions of the federal award, as to types or amount of cost items.** 2 CFR §200.403(b).

- ☞ **Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the LEA.** 2 CFR §200.403(c).

- ☞ Be accorded 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 allocated to the federal award as an indirect cost. 2 CFR §200.403(d).

- ☞ **Be determined in accordance with generally accepted accounting principles (GAAP),** unless provided otherwise in Part 200. 2 CFR §200.403(e).

- ☞ **Not be included as a match or cost-share, unless the specific federal program** authorizes federal costs to be treated as such. 2 CFR §200.403(f). Some federal program statutes require the non-federal entity to contribute a certain amount of non-federal resources to be eligible for the federal program.

- ☞ Be adequately documented. 2 CFR §200.403(g). All expenditures must be properly documented.

- ☞ Be the net of all applicable credits. The term “applicable credits” refers to those receipts or reduction-of-expenditure-type transactions that operate to offset or reduce expense items allocable to the federal award. Typical examples of such transactions are: purchase discounts; rebates or allowances; recoveries or indemnities on losses; insurance refunds or rebates, and adjustments of overpayments or erroneous charges. To the extent that such credits accruing to or received by the LEA relate to allowable costs for the federal award, they shall be credited to the federal award, either as a cost reduction or a cash refund, as appropriate. 2 CFR §200.406.

Please see page 62 for procedures on rebates, discounts received on purchase cards.

b. General Provisions for Selected Items of Cost 2 CFR §§200.420-200.475

This section provides principles to be applied in establishing the allowability of certain items involved in determining cost, in addition to the Basic Considerations listed above. These principles apply whether or not a particular item of cost is properly treated as direct cost or indirect cost. Failure to mention a particular item of cost is not intended to imply that it is either allowable or unallowable; rather, determination as to allowability in each case of a cost item not listed should be based on the treatment provided for similar or related items of cost, and based on the cost principles described in EDGAR. In the case of a discrepancy between the provisions of a specific federal grant program and the provisions listed below, the specific federal grant program’s provisions govern.

Fifty-five specific cost items from 2 CFR §§200.420-200.475 are listed in the chart below, along with the citation where it is discussed whether the item is allowable. Please do not assume that an item is allowable because it is listed in the chart, 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 a specific grant program 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. If an item is unallowable for any of these reasons, federal funds cannot be used to purchase it.

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 CFR §200.421
Advisory councils	2 CFR §200.422
Alcoholic beverages	2 CFR §200.423
Alumni/ae activities	2 CFR §200.424
Audit services	2 CFR §200.425
Bad debts	2 CFR §200.426
Bonding costs	2 CFR §200.427
Collections of improper payments	2 CFR §200.428

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

Student activity costs	2 CFR §200.469
Taxes (including Value Added Tax)	2 CFR §200.470
Termination costs	2 CFR §200.471
Training and education costs	2 CFR §200.472
Transportation costs	2 CFR §200.473
Travel costs	2 CFR §200.474
Trustees	2 CFR §200.475

State rules on procurement and travel are more restrictive than federal rules. Please refer to the procurement and travel sections of this manual.

In addition to reviewing the “Basic Considerations” and “General Provisions for Selected Items of Cost” sections above, fiscal and program staff should reference “Questions to Consider When Determining Allowability of Cost with Federal Funds” on page 94, when making allowability determinations.

c. Travel Costs

i. *Federal Allowability Rules for Travel Costs:*

Travel costs are the expenses for transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of a grant recipient. Federal rules allow such costs to 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 selected days of the trip, and results in charges consistent with those normally allowed in like circumstances in the recipient’s non-federally funded activities and in accordance with the recipient’s written travel reimbursement procedures. 2 C.F.R §200.474(a). However, a per diem basis in lieu of actual costs is not allowable according to the more restrictive State rules.

Travel costs incurred by employees and officers must be considered reasonable and other-wise allowable to the extent such costs do not exceed charges normally allowed by the LEA in its regular operations as the result of its written travel procedures. In addition, if these costs are charged directly to the federal award, documentation must be maintained that justifies that (1) participation of the individual is necessary to the federal award; and (2) the costs are reasonable and consistent with the LEA’s established procedures. 2 C.F.R §200.474(b).

The LEA’s travel procedures are more restrictive than federal or state guidelines. These procedures are listed below and can also be found on AISD’s Business Office website.

Employees authorized to travel for business and educational purposes on behalf of the District shall be reimbursed for usual and customary travel-related expenses incurred while conducting District business. Expenses are to be within the established District guidelines and will be reimbursed with proper documentation. In addition, if these costs are charged

directly to a federal award, documentation must be maintained that justifies that (1) participation of the individual is necessary to the federal award; and (2) the costs are reasonable and consistent with the LEA's established travel policy 2 CFR §200.474(b).

This justification may be provided on the Pre-Travel Approval Request Form.

These travel procedures and guidelines have been established to ensure compliance with IRS regulations, applicable state/federal laws, and to set a standard of equitable guidelines for all persons traveling on behalf of the District.

The processes established herein have been developed on the premise that employees will use good judgment and prudence in the expenditure of District funds when traveling.

Travelers are expected to select the most economical and proactive accommodations, arrangement and services in accordance with the needs of the trip.

ii. *Approval for Travel*

- ☐ Prior approval for travel from Principal/Department Head for all travel including pre-registration fees, shall be obtained before any expenses are incurred or before any Purchase Orders, commitments, etc., can be made; otherwise no payments/reimbursements will be made. Employees must log on to Eduphoria and submit the Andrews ISD Pre-Travel Approval Request form.
- ☐ The Principal/Department Head must ensure sufficient funds are available in the travel budgetary account before travel is approved.
- ☐ Expenses that can be approved are lodging, meals, transportation, parking, and registration. Purchase Orders should be issued for expenses such as hotel and registration fees to avoid duplicate payments and to ensure funds are available, since costs can be significant.
- ☐ Out-of-State travel requires Superintendent or designee's approval prior to travel.
- ☐ Overnight hotel stays are not allowable for Austin, unless prior approval by Superintendent or designee is obtained.
- ☐ Overnight hotel stays for a one-day event, within a 120 mile radius of the AISD Administration Building, are not allowed unless prior approval by Superintendent or designee is obtained.
- ☐ The District will reimburse travel expenditures only AFTER the trip has occurred and original receipts are turned in with an approved Travel Reimbursement Request Form (see Appendix).
- ☐ Travel Reimbursement Request Forms should be turned in 30 days from date of travel. Any travel report turned in after 30 days may not be reimbursed. All August reimbursements must be submitted by September 15th.

iii. *Reimbursement Procedures*

- ☐ The District may pay for employee travel expenses that are reasonable and necessary when the travel clearly involves official District business including authorized staff development.
- ☐ Travel expenses will be reimbursed ONLY when submitted on the Travel Reimbursement Request Form found on the Andrews ISD website (and in the attached appendix), approved and signed by the Principal/Department Head. It shall be the responsibility of the employee requesting reimbursement and the employee approving the travel to ensure that the travel is in accordance with the preceding guidelines.

- ☞ An employee's travel expense reimbursement shall not exceed the amount of funds available in the current budget for such travel.
- ☞ When Federal or other State/Special Revenue Funds are used, travel reimbursements are not always allowable. Local funds can be used, but must be coded as such on the requisition and Travel Reimbursement Request forms.
- ☞ ***Request for reimbursements MUST BE RECEIVED in Accounts Payable office BY FRIDAY to receive a CHECK THE NEXT FRIDAY.***
 - o **NO advancements will be allowed. NO EXCEPTIONS, including charges to personal credit cards.**
 - o **Any trips taken without proper and prior approval will be at the employee's expense.**

iv. *Mileage*

The mileage reimbursement rate will be the state rate for ALL funds when traveling in a private vehicle.

- ☞ If commercial transportation (bus, rental car, etc.) is used, reimbursement shall be ***made for actual expenses and a receipt is REQUIRED.***
- ☞ Rental vehicle charges for liability insurance supplement, personal accident insurance, safe trip insurance, personal effects insurance, loss damage waivers, and collision **damage waivers are not reimbursable.**
- ☞ Each employee is assigned a home campus. Mileage will not be paid for travel between the employee's residence and his/her home campus. When traveling to places other than the home campus, mileage shall be computed from the home campus or the employee's residence (whichever is less). For itinerant staff, your home campus is the first campus you visit for the day.
- ☞ Transportation – Four-per-car rule (per TX Govt. Code, Section 660.044)
 - o When employees from the same agency travel on the same dates with the same itinerary, they must coordinate travel.
 - o When four or fewer employees travel on the same itinerary, only one may be reimbursed for mileage.
 - o When more than four employees travel on the same itinerary, only one of every four may be reimbursed for mileage.
- ☞ The District may verify mileage and change accordingly when mileage is deemed excessive or unreasonable.
- ☞ There shall be NO reimbursement for in-district travel expenses other than mileage.
- ☞ There are mileage reimbursement restrictions for administrators as follows:
 - o Travel by administrators (Assistant Principals, Principals, Directors and above) for in-district meetings (board meetings, monthly and quarterly principals' meetings, athletic events, trips to Central Office or other campuses, etc.) is not reimbursable. Only travel outside of a 25-mile radius, computed from the home campus or from the employee's residence (whichever is less), is reimbursable for administrators.
- ☞ A map (Yahoo!, Google, or MapQuest) must be attached to the Travel Reimbursement Request Form for all out of district travel. Refer to the Intra-District mileage chart for mileage between in-district duty points (see Appendix J).

v. *Meals – Employee*

OVERNIGHT stays will be reimbursed up to a maximum of \$60.00 per day and original itemized receipts are required—in-state and out-of-state travel. The employee must have incurred the expense in order to be reimbursed. This rate is subject to change if the state

rate is reduced. The \$40.00 per day is prorated according to the time of departure and return as follows:

Day of Departure:

Time of Departure	% of Per Diem/Day
12:01 am - 12:00 noon	100%
12:01 pm - 6:00 pm	66%
6:01 pm - 12:00 midnight	33%

Day of Return:

Time of Return	% of Per Diem/Day
12:01 am - 12:00 noon	66%
12:01 pm - 6:00 pm	33%
6:01 pm - 12:00 midnight	100%

- ☞ Must indicate on the Pre-Travel Approval Request form if there is an overnight stay.
- ☞ There will be no meal reimbursements for day trips.
- ☞ The conference agenda must be attached to the Travel Reimbursement Request Form.

vi. *Lodging*

- ☞ A PURCHASE ORDER MUST BE ISSUED FOR LODGING. Personal credit cards should NOT be used for lodging expenses. Employees are encouraged to share rooms and all names of individuals sharing a room and dates of stay must be listed on the Purchase Order (Example: 1 room for 3 nights for Sue Smith and Sally Brown, September 9 -12).
- ☞ Itemized original lodging receipts are required and must be turned in to Accounts Payable, with the PO number noted on receipt, within 5 business days after trip. Any refunds issued should be returned and attached to the itemized lodging receipt (credit card receipts are not acceptable).
- ☞ The lodging reimbursement is based on the GSA rate (U.S. General Services Administration – www.gsa.gov/portal/category/21287).
- ☞ In-state travel is reimbursed up to \$85 a night for areas not listed on the GSA.
- ☞ Out-of-state travel is reimbursed up to \$83 a night for areas not listed on the GSA.
- ☞ All in-state lodging reimbursement rates EXCLUDE STATE SALES TAX. A tax exempt form must be taken to the vendor.

- ☞ Occasionally, prevailing hotel rates exceed the maximum allowable reimbursement rates, despite reasonable efforts to locate alternatively priced accommodations. In these situations, the CFO or his/her designee may grant exceptions to the established reimbursement rates. These exceptions will only be considered via written request and in advance of the travel and the overage must be paid from local funds.
 - ☞ Overnight hotel stays are not allowable for Austin, unless prior approval by Superintendent or designee is obtained.
 - ☞ Overnight hotel stays for a one-day event, within a 120-mile radius of the AISD Administration Building, are not allowed unless prior approval by Superintendent or designee is obtained.
- vii. *Parking/Public Transportation*
 - ☞ A receipt or itemized statement is required for parking. Valet parking should not be used unless it is the only viable option.
 - ☞ As a general rule, tolls will not be reimbursed.
 - ☞ Public transportation is approved for use when feasible.
 - ☞ The District may reimburse an employee for the actual cost of transportation by bus or taxi.
 - ☞ If two or more employees share a taxi, only the employee, who paid for the taxi, may be reimbursed for that expense. Original receipts are required and must show the date, fare charged and transportation company.
 - ☞ Employees are expected to use the most economical means of transportation available.
- viii. *Airfare*
 - ☞ The District may pay for the actual cost of commercial air transportation; however, the amount may not exceed the cost of the lowest available airfare.
 - ☞ An original passenger receipt, issued by a commercial airline company, must be included in the supporting documentation for the cost of transportation on the airline. The receipt must include the name of the employee and airline, ticket number, class of transportation, fare, travel dates, amount, origin and destination.
- ix. *Baggage Fees*

Baggage charges that are related to LEA business are reimbursable. It is assumed that the first checked bag is necessary to complete business travel. Charges for more than one bag will not be reimbursed, unless excess baggage is related to LEA business (e.g. LEA-owned equipment). Justification will be required for any excess baggage charges when submitted for reimbursement.
- x. *Out of State Travel*

Out of state travel requires Superintendent or designee's approval in addition to the Department Head or Principal approval.
- xi. *Unallowable Expenses*

Unallowable expenses include, but are not limited to:

 - ☞ Any expense incurred by family members and other types of personal expenses
 - ☞ Dry cleaning and laundry
 - ☞ Alcoholic beverage charges
 - ☞ Telephone calls
 - ☞ Internet Services (unless needed for a business purpose and approved by the CFO)

- ☞ Movie charges, Personal entertainment
- ☞ Tips & Gratuities (except for mandatory service charges)
- ☞ Room service/delivery fees
- ☞ Dependent care

A DISTRICT EMPLOYEE SHALL ENSURE THAT HIS OR HER TRAVEL COMPLIES WITH THESE PROCEDURES. FAILURE TO COMPLY WILL RESULT IN DELAYED REIMBURSEMENT OR REJECTION OF THE EMPLOYEE'S REIMBURSEMENT REQUEST.

- xii. *Parent Travel for Grant Related Parental Involvement Activities*
Parent travel for grant related parental involvement activities will be reimbursed at employee rates.
- xiii. *Federal & State Funded Program Travel*
If travel is funded by Federal or other State/Special Revenue Funds, the rates shown above are the maximum that can be paid by the grant or program funds. If a hotel rate exceeds these amounts then the additional charges will be paid from local funds.
- xiv. *Use of School Vehicles*
Occasionally, employees have access to school vehicles. School district vehicles are to be used for school business only. Employees are not to use a school vehicle for personal use (e.g., grocery shopping, or conducting other personal business).
- xv. *Student Group Travel*
 - ☞ Extra-Curricular activities often require that students travel to other sites. Students should be transported in District vehicles because they are covered by the District insurance.
 - ☞ Student meals will be allowed up to \$10 a meal, with a maximum of \$30/day. When leaving the District, student travel beginning after 10:00 am will not receive a breakfast allotment. When leaving the District, student travel beginning after 5:00 pm will only receive a dinner allotment for that day. Multiple meal allotments may be spent on one meal. Unused meal money and itemized receipts must be returned to the Business Office within 5 business days after the event.
 - ☞ When possible, all requests for Out-of-District travel should be processed at least two weeks in advance.
 - o It is the responsibility of each principal/director to determine when it is appropriate to provide students with meals. General procedure dictates payment of meals for competition outside the city and in regional or higher activities.
 - ☞ The athletic director, band director or group sponsor will make arrangements with a chosen restaurant for a meal for the group. The students will eat together as a group. The restaurant can then bill the District or a check can be prepared in advance based on a prearrangement. The restaurant should be aware that we do not pay sales tax and are exempt. A payment request should be made indicating the event, amount per person, and how many. Meals for the coaches, sponsors, and bus driver can be included with the group. A written invoice must be turned in to the Business Office.

- ☞ If a pre-arrangement cannot be made then a meal allowance may be provided to each participating student, coach, sponsor and driver. A requisition should be entered for payment to be made to the coach. The requisition must include the following: event name, number of meals, and amount (currently \$10.00). A receipt for each person receiving the funds should be turned in afterwards as well as any unspent funds. The two amounts added together should equal the requisition amount.
- ☞ Other allowable travel expenses of the sponsor and bus driver will be reimbursed on the District Travel Reimbursement Request Form.
- ☞ Tips & gratuities are not allowable expenses (except for mandatory service charges).

d. Field Trips

State and local funds may only be used for instructional field trips. As a general rule, federal funds are not to be used for field trips. TEA policy defines educational field trips as generally unallowable unless they are identified as allowable in the program guidelines to the specific grant application. A justification form must be submitted to the Program Administrator for allowable field trips in the grant application (Appendix K). All field trips require prior approval.

e. Hosting a Conference: [Insert new TEA guidance when received]

f. Program-Specific Fiscal Compliance

i. *IDEA-B*

The Assistant Superintendent of Finance will monitor compliance with Maintenance of Effort (MOE) on a regular basis, but at least semi-annually. Necessary adjustments will be made prior to the end of the fiscal year to ensure compliance. MOE analysis required for the Eligibility Standard to be reported in the BS6016 Fiscal Compliance schedule of the Special Education Consolidated Grant application will be performed and the data provided to the Director of Special Education prior to the submittal deadline for the new grant year's initial application. Documentation of the calculations for the Compliance Standard and the Eligibility Standard will be maintained in the Business Office.

The Assistant Superintendent of Finance will determine if the LEA qualifies for the Voluntary Reduction option for MOE and will notify the Director of Special Education in a timely manner for reporting on the BS6016 Fiscal Compliance schedule of the Special Education Consolidated Grant application. The analysis will be performed prior to the submittal deadline for the new grant year's initial application and performed again when the IDEA-B maximum entitlements are released by TEA. Documentation of the calculation will be maintained in the Business Office.

If the LEA chooses to exercise the option of Voluntary Reduction, the Director of Special Education will ensure compliance with the eligibility criteria. The Chief Finance Officer will track the "freed up" funds by using a local option code to ensure these funds are spent on ESSA activities. Documentation of the tracking of expenditures of the "freed up" funds on ESSA activities will be maintained in the Business Office.

The Assistant Superintendent of Finance will perform the Excess Cost calculation twice a year. An initial, estimated calculation will be performed prior to the submittal deadline for the new grant year's initial Special Education Consolidated grant application. A final calculation will be performed with prior year actual, audited data when the data becomes available. District-level expenditures will be prorated based on the percentage of students at the elementary and secondary levels. Documentation of the calculation and supporting documentation will be maintained in the Business Office.

The Director of Special Education will monitor compliance with the federal requirement to provide proportionate share services to parentally-placed private school children with disabilities for the IDEA-B program. The proportionate share requirement is not applicable to charter schools or to any ISD that does not have private schools (including home-schooled children) in their jurisdiction. The Director of Special Education will compile the data required on the Private School schedule of the Special Education Consolidated grant application prior to the submittal deadline for the new grant year's initial application. The Director of Special Education will ensure all applicable parties are aware of the proportionate share amount determined during receipt of the initial IDEA-B entitlement and the revised proportionate share amount determined when TEA releases maximum entitlements. The Director of Special Education will track proportionate share expenditures by using a local option code to ensure funds are used for the intended purpose and to monitor unused proportionate share funds carried over to the subsequent year. If the proportionate share carryover funds are not spent toward the end of the carryover year and every attempt has been made to spend the proportionate share funds on parentally-placed private school children with disabilities, the LEA may then spend the funds on public school children with disabilities. The Director of Special Education will make the necessary adjustments, if applicable. Documentation of the calculations and monitoring of funds and expenditures will be maintained in the Special Education Department.

If the LEA reserves IDEA-B funds for Coordinated Early Intervening Services (CEIS), the Director of Special Education will track CEIS expenditures by using a local option code to ensure funds are used for the intended purpose. The Director of Special Education will be responsible for tracking CEIS activities and students served according to the federal reporting requirements for CEIS. The Director of Special Education will be responsible for compiling the required data and reporting to TEA by the deadline established by TEA. Documentation of the tracking of expenditures and students served will be maintained in the Special Education Department.

ii. ESSA

The Assistant Superintendent of Finance will monitor compliance with Maintenance of Effort and Comparability for ESSA/ESSA. Program Administrators will monitor compliance related to Equitable Services for Private School Children, Ranking of Campuses for Multiple Attendance Area, Services to Homeless Students Attending Campuses Not Served by Title I, Part A, Set-Aside Funds for School Improvement, District-Wide Parental Involvement Activities, Set-Aside Funds for Professional Development for Highly Qualified, etc., for ESSA/ESSA.

The LEA does not participate in Schoolwide Consolidation of Funds.

F. Cash Management

1. Cash Management for Federal Funds 2 CFR §200.305

The LEA will comply with applicable methods and procedures for payments that minimize the time elapsing between the transfer of funds from the U.S. Treasury or pass-through entity (such as TEA) and the disbursement by the LEA, whether the payment is made by electronic funds transfer, or issuance or redemption of checks, warrants, or payment by other means. 2 CFR §200.305(b)

Generally, the LEA receives payment of federal funds from the Texas Education Agency (TEA) on a reimbursement basis. However, if the LEA receives an advance in federal grant funds, the LEA will remit interest earned on the advanced payment to the federal agency, according to the EDGAR requirements.

According to guidance from the U.S. Department of Education (ED), when calculating the interest earned on ED grant funds, in any situation where the State draws from the G5 system in advance of the LEA using non-federal funds to pay vendors and/or employees, the only events and dates that are relevant are: 1) the date on which the federal grant funds are drawn down by the State; and 2) the date on which those funds are disbursed by the LEA. Any interest earned on those funds while on-deposit in the LEA's bank account after drawdown and before disbursement must be included in the interest earned calculation.

The Business Office monitors the drawdowns to determine whether the payment of federal funds to the LEA is a reimbursement or an advance payment. If an advance payment, the Business Office ensures compliance with the interest requirements.

a. Payment Methods

i. Reimbursements

The LEA initially charges federal grant expenditures to non federal funds and then seeks reimbursement with federal funds.

According to TEA guidance, to be considered a reimbursement, an LEA draws down from TEA via the ER (Expenditure Reporting) system on or after the date the payment is mailed, delivered, or electronically delivered.

For grants managed through the TEA Expenditure Reporting (ER) system, the LEA Accounting Coordinator will enter cumulative expenditure amounts, on a monthly basis, for actual expenditures incurred and saves the transaction for the Special Revenue Accountant to then certify and submit drawdowns in the TEA ER system.

For grants managed through the Department of Ed G5 system, the LEA Accounting Coordinator will prepare a report, on a monthly basis, documenting reimbursement for actual expenditures incurred. The LEA Special Revenue Accountant will then enter the reimbursement request into the G5 system. All reimbursements are based on actual disbursements, not on obligations.

Consistent with state and federal requirements, the LEA will maintain source documentation supporting the federal expenditures (invoices, time sheets, payroll stubs, etc.) and will make such documentation available for the TEA's and Department of Ed's review upon request.

Reimbursements of actual expenditures do not require interest calculations.

Please see page 38 for procedures on expenditure reports for federal awards.

ii. Advances

The LEA does not request advance payment of federal grant funds. If the LEA inadvertently receives an advanced payment, the Business Office will take steps to ensure the immediate return of these funds and will ensure its financial management system meets the standards for fund control and accountability as established in EDGAR.

According to TEA guidance, if the LEA draws down federal funds from TEA via the ER (Expenditure Reporting) system prior to making the payment (prior to the time the payment is mailed, delivered, or electronically delivered), the draw down is considered an advance. The payment date is the actual date of disbursement, not the date encumbered or scheduled for payment according to the accounting treatment. When additional guidance is received from TEA, this section will be updated. By definition, payroll accruals are wages, salaries, the related payroll taxes, TRS and IRS payments, and benefits that have been earned by an organization's employees but have not yet been paid by the organization. The payroll accruals should not be claimed for reimbursement until they are reversed and paid out as payroll expenditures.

According to 2 CFR §200.305(b)(1), the LEA will limit its advance payment requests to the minimum amounts needed and will time the advance payment to be in accordance with the actual, immediate cash requirements of the LEA in carrying out the purpose of the approved program or project. The timing and amounts of advance payments must be as close as is administratively feasible to the actual disbursements by the LEA for direct program or project costs and the proportionate share of any allowable indirect costs. The LEA must make timely payment to contractors in accordance with the contract provisions. Although limited advanced payments are allowable, the LEA will not request advanced payments.

According to 2 CFR §200.305(b)(7)(i), the federal government and TEA must not require separate depository accounts for funds provided to the LEA and must not establish any eligibility requirements for depositories for funds provided to the LEA. However, the LEA will have a process in place to account for the receipt, obligation, and expenditure of funds. The LEA does not choose to maintain a separate depository account for the advance payment of federal funds received from TEA.

According to 2 CFR §200.305(b)(7)(ii), advance payments of federal funds must be deposited and maintained in insured accounts whenever possible. The LEA's depository account is maintained in an insured account.

According to 2 CFR §200.305(b)(8), the LEA will maintain inadvertent advance payments of federal funds in interest-bearing accounts, unless an allowable exception applies: (1) The LEA receives less than \$120,000 in federal awards per year; (2) The best reasonably available interest-bearing account would not be expected to earn interest in excess of \$500 per year on federal cash balances; (3) The depository would require an average or minimum balance so high that it would not be feasible within the expected federal and non-federal cash resources; (4) A foreign government or banking system prohibits or precludes interest bearing accounts. The LEA maintains its advance payments of federal funds in interest-bearing accounts. The LEA will compute interest at the same rate the account earns.

According to 2 CFR §200.305(b)(9), the LEA may retain interest amounts up to \$500 per year for administrative expenses. The LEA defines administrative expenses to include costs associated with human resources, budgeting, accounting, purchasing, and other fiscal activities.

Any additional interest earned on federal advance payments deposited in interest-bearing accounts must be remitted to the federal agency according to the requirements of EDGAR. The interest must be remitted annually to the Department of Health and Human Services Payment Management System (PMS) through an electronic medium using either Automated Clearing House (ACH) network or a Fedwire Funds Service payment. Detailed information for submitting the earned interest is found at 2 CFR §200.305(b)(9).

The LEA calculates interest using the actual interest rate of the appropriate investment account.

Regardless of the date of obligation, interest is calculated from the date that the federal funds are drawn down from the ER system (for state administered programs) or the G5 system (for direct grant programs) and deposited into your investment account, until the date on which those funds are disbursed by the LEA.

Interest does not accrue if the LEA uses nonfederal funds to pay the vendor and/or employees prior to the funds being drawn down, because that method would be a reimbursement rather than an advance.

Interest earned on inadvertent advanced payments will be tracked in a Due To State/Federal Government Liability Account. Payment of the interest will be made in accordance with applicable state and federal guidelines.

b. Expenditure Reporting System (TEA's system)

i. Reimbursements

Reimbursement requests will be submitted via the TEA Expenditure Reporting (ER) system or G5 system.

The Accounting Coordinator is responsible for preparing and submitting the required expenditure reports for federal awards, at least monthly through the ER system. The Accounting Coordinator will prepare the required expenditure reports for the federal grants

that go through the G5 system, at least monthly. The review should occur after the processing of payroll. The Accounting Coordinator will generate a General Ledger Summary report in the LEA's accounting system for each federal grant. The actual expenditures will be totaled by class object code on an excel spreadsheet. Any payroll liabilities that appear in the balance sheet accounts will be deducted from the 6100 object code total. This will prevent drawing down more cash than has actually been expended, thereby keeping the draw down as a reimbursement. Due to the District's annualized payroll and year-end payroll accrual, the District does not draw down actual payroll expenses.

The Special Revenue Accountant is responsible for reviewing and certifying the federal expenditure reports through the certification process of the ER system and will submit the direct grant programs through the G5 system. The Special Revenue Accountant ensures draw down requests will not exceed the threshold amount established by TEA. The Accounting Coordinator ensures final expenditure reports, and revised final expenditure reports, if applicable, are submitted by the deadlines established by TEA.

The Accounting Coordinator will inform the Administrative Assistant, who records cash receipts for the LEA, of each draw and to which account code(s) to post the revenue.

Consistent with state and federal requirements, the LEA will maintain source documentation supporting the federal expenditures (invoices, time sheets, payroll stubs, etc.) and documentation supporting the draw down requests and will make such documentation available for the TEA's review upon request. The Business Office maintains the documentation.

2. Local Cash/Check Handling

Cash and check handling is a priority in a campus office or district department whenever money is collected. This applies to ALL funds including the General Fund and all Activity Funds. All cash and checks received from school sanctioned activities must be receipted (by ticket sales, cash register, point of sale register, or district approved receipts).

All cash and checks will be presented to the campus administrative assistant on a daily basis in the form they were received. No post-dated checks will be accepted. Funds must not be kept in classrooms, personal wallets or purses, or at home. No funds are to be deposited into personal bank accounts with the intent to reimburse the District later. No cash purchases may be made from the receipts; every dollar collected must be receipted by the campus administrative assistant.

The campus administrative assistant will receipt and deposit all monies on a daily basis in the bank or secure overnight in a locked campus safe if the deposit cannot be made the same day. Personal employee checks may not be cashed from monies collected at the campus or LEA level to ensure an adequate audit trail of all funds collected by the LEA. All cash and checks must be deposited in the form they were received.

Cash received from miscellaneous sources must never be co-mingled with a Petty Cash Fund. Petty cash funds are only allowed with prior approval from the CFO.

a. General Cash and Check Receipt Procedures

- i. A cash receipt shall be prepared immediately for any cash or checks received by the administrative assistant. Cash receipts must be issued in numerical sequence. For cash receipting procedures concerning Activity funds see the Activity Fund Manual on the District's website under the Business Department.
- ii. The receipt must be completed in its entirety, including:
 - ☞ Name of school - may be manual or stamped.
 - ☞ The date and the amount.
 - ☞ The payer - an individual or firm. A receipt may not be issued to more than one person.
 - ☞ For - an explanation of the purpose for which the money was received.
 - ☞ The correct account code - the General or Activity Fund account to be increased by the amount of the receipt.
 - ☞ The signature of the person receiving the money - the signature must be MANUAL; signature stamps are strictly forbidden.
- iii. An actual cash count should be made by the person signing the receipt in the presence of the person turning in the money. If this is not feasible, an alternative would be to put the cash and/or checks into a sealed envelope in the presence of the person turning them in until such time as two individuals could unseal the envelope and verify the amount submitted.
- iv. The maker of a check must be indicated on the receipt if it is other than the person turning in the money. Postdated checks shall not be accepted by the school from any source.
- v. If an error occurs in the preparation of a cash receipt, initial the correction on both the original and the duplicate receipt.
- vi. The original of a voided cash receipt must be attached to the carbon copy and both documents clearly marked as VOID.
- vii. The original cash receipt shall be given to the person paying the money. If a check is received by mail from an outside source for commission, interest, refund, etc., it is not necessary that the original receipt be mailed to comply with this procedure. In these cases, the original receipt should be kept on file for audit purposes.
- viii. The second copy (yellow) of the receipt is turned in to the Business Office with the copy of the deposit.
- ix. The third copy (pink) of the receipt must be retained in the receipt book.
- x. Cash receipts are not to be pre-signed or predated.

3. Petty Cash/Change Accounts

The following guidelines shall govern Petty Cash/Change Accounts:

- a. Petty Cash accounts must be approved by the CFO. According to the needs of the Petty Cash account, limits will be set by the CFO.
- b. Petty Cash/Change Accounts associated with federal grants may not be comingled with other Petty Cash/Change Accounts.
- c. It is the responsibility of the department/campus administrator to exercise the maximum available protection of these funds.
- d. Petty cash should be used only in an emergency not used in place of a purchase order. It may be used for small items such as lost book refunds, etc. Open purchase orders can be used for routine small expenses. Purchases are not allowed out of Change Accounts.
- e. As the custody of funds changes throughout activities associated with Petty Cash/Change Account funds, responsibility for the safeguarding of these funds lies with the current custodian.
- f. Petty Cash/Change Accounts are reconciled at the end of the fiscal year by the Accounting Coordinator.

For Petty Cash/Change Account Operating Procedures, see the Activity Fund Manual on the District website under the Business Department.

4. Check Processing

State law requires that LEAs pay all invoices within thirty (30) calendar days to avoid penalty and interest charges.

The Business Office ensures invoices are paid within thirty (30) days.

The LEA's checks are processed on Tuesday for Activity Funds checks and on Friday for all other checks of each week. The Business Office determines the date that vendors will be paid; employees should avoid making prior commitments to vendors about payment disbursements.

All payments must be pre-authorized by an approved purchase order. No checks or payments will be issued without an approved purchase order on file prior to purchase of goods or services with the exception of the following:

- a. Utilities
- b. Game Officials
- c. Security Officers
- d. Meals, mileage, etc., as noted on the LEA's Travel Reimbursement Request Form (purchase orders should be issued for lodging)
- e. Reimbursements via revenue accounts
- f. Any other exceptions require prior CFO approval.

These exceptions require a signature from the appropriate principal/department head.

5. Returned Checks

In the event that a check written to any LEA campus, club, or organization is returned unpaid by the bank, the LEA or its check return agent, Paytech Solutions, will redeposit the check electronically. In the event that the agent is unsuccessful in collecting returned checks, the agent will prepare the check for prosecution by mailing certified letters when required, filling out and notarizing required paperwork and when possible, delivering paperwork to authorities for prosecution.

LEA personnel should not attempt to recover payment on a returned check. The campus or department that accepted the bad check will be notified that the amount of the check has been deducted from their account, pending recovery of the bad check. The campus or department will be notified once the check has been recovered and credited back to their account.

For additional information, see Appendix F (4): Cash Management Procedures

G. Timely Obligation of Funds

1. When Obligations are Made

Obligations are orders placed for property and services, contracts and sub awards made, and similar transactions during a given period that require payment by the non-Federal entity during the same or a future period. 34 CFR §200.71.

The LEA's Business Office, in conjunction with Program Administrators/department heads/principals, determines that the timing of obligations are compliant with the following table.

In an effort to ensure compliance, the following steps are taken:

- ☞ Vendors are notified via LEA/Purchasing Cooperative/Consultant agreements that they must have an approved purchase order (including fully executed contracts) before goods/services are provided.
- ☞ Accounts Payable monitors invoice dates to ensure that they are not prior to PO dates.
- ☞ Traveler must complete Pre-Travel Approval Request form.

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 LEA makes a binding written commitment to acquire the property
Personal services by an employee of the LEA	When the services are performed

Personal services by a contractor who is not an employee of the LEA	On the date which the LEA makes a binding written commitment to obtain the services
Public utility services	When the LEA receives the services
Travel	When the travel is taken
Rental of property	When the LEA uses the property
A pre-agreement cost that was properly approved by the Secretary under the cost principles in 2 CFR part 200, Subpart E-Cost Principles.	On the first day of the project period.

34 FR §75.707; 34 CFR §76.707.

2. Period of Availability of Federal Funds

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

a. State-Administered Grants

As a general rule, state-administered federal funds are available for obligation within the year that Congress appropriates the funds for. 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 LEA 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 CFR §76.709. For example, funds awarded on July 1, 2015 would remain available for obligation through September 30, 2017. TEA provides for the 27 month period of availability by making the funds available July 1 through September 30 of the following year and then allowing a carryover period of an additional 12 months for unused funds.

b. Direct Grants

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

c. For Both State-Administered and Direct Grants

According to 2 CFR §200.343(b), regardless of the period of availability, all obligations incurred under the award must be liquidated not later than 90 days after the end of the funding period unless an extension is authorized. 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 CFR §200.343(d). Consequently, the LEA closely monitors grant spending throughout the grant cycle.

According to TEA fiscal guidelines, all encumbrances, expenditures, and obligations of program funds must occur on or after the effective date of the grant application submitted to TEA (the date the application was received or the first day of the grant availability period, whichever is later) and within the grant beginning and ending dates listed on the NOGA. Grantees may generally enter cumulative expenditures into the TEA Expenditure Reporting (ER) system up to 30 days following the ending date of the grant.

3. Carryover

a. 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 CFR §76.709. Accordingly, the LEA may have multiple years of grant funds available under the same program at the same time.

TEA typically posts official Maximum Entitlement/Carryover funding amounts late in the fall semester. After required set asides are taken off the top, the program administrator will budget these additional federal funds for specific campus and district-wide activities. These budgets are then submitted to the Business Office for posting in TxEIS.

b. Direct Grants

Grantees receiving direct grants are not covered by the 12 month Tydings period. However, under 2 CFR §200.308, direct grantees enjoy unique authority to expand the period of availability of federal funds. The LEA 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 LEA must provide written notice to the federal awarding agency at least 10 (ten) calendar days before the end of the period of performance specified in the award. This one-time extension may not be exercised merely for the purpose of using unobligated balances.

The Andrews ISD Grant Project Director will complete the written request for a “no cost” extension of a direct grant. The written request will be based on evaluation data of project outcomes, implementation and activities. The extension will be for the purpose of completing project goals and activities and will not include any new objectives nor activities not in the original scope of the grant. The written request will be reviewed and approved by the Andrews ISD Superintendent or designee prior to submission to the federal awarding agency. The written notice will include the reasons for the extension and the scope of activities to be completed during the extension period. The length of the extension period will be determined based on the remaining activities to be completed but will not exceed 12 months beyond the original grant termination date. The Grant Project Director will submit the notice to the

appropriate federal agency no less than 10 calendar days prior to end of the specified grant period.

The LEA 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 CFR §200.308(d)(2).

The Andrews ISD Grant Project Director will work with the Federal Program Officer or contact on behalf of the district to request prior approval for any extension that would increase or reallocate project funds and/or change the approved objectives or scope of the project. This request will be provided in writing in compliance with procedures defined in the specific federal award. When prior approval is required, no changes will be implemented until notice of approval is received by the district from the appropriate federal awarding agency representative.

H. Program Income 2 CFR 200.307

1. Definition

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

a. Program Income Includes

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. 2 CFR §200.80.

b. Program Income Is Not

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 CFR §200.80. Additionally, taxes, special assessments, levies, fines, and other such revenues raised by a recipient are not program income unless the revenues are specifically identified in the federal award or federal awarding agency regulations as program income. 2 CFR §200.307(c). Finally, proceeds from the sale of real property, equipment, or supplies are not program income. 2 CFR §200.307(d).

The district will not generate any program income as part of a federal grant award.

II. PROCUREMENT SYSTEM

The LEA maintains the following purchasing procedures.

A. Responsibility for Purchasing

Andrews ISD board policy CH Local, delegates to the Superintendent or designee the authority to make budgeted purchases for goods or services. However, any single, budgeted purchase of goods or services exceeding \$50,000 shall require Board approval before a transaction may take place.

Each year principals, department heads, site- based committees, and program administrators assist in developing the budget, which is reviewed and approved by the Board of Trustees. Administrative Officers have the authority to approve and authorize requisitions of those items for which funds have been appropriated in the official budget. Principals and directors are accountable and responsible for operating within their approved budgets. One of the more important areas of responsibility in administration is the development and oversight of the budget. It is of utmost importance, in handling of budgeted funds, that all financial transactions be conducted within accepted procedures.

B. Purchase Orders

1. Definition of a Purchase Order

A purchase order is an instrument used to encumber funds (setting aside funds in advance for the payment of goods and services when received or rendered). Texas Education Agency Bulletin 679, ACT 302 requires that an encumbering accounting system be in place.

According to the TEA 2010 Financial Accountability System Resource Guide, a purchase order serves as a formal order for goods, materials, and/or services from a vendor. A purchase order, once approved, is a binding commitment for an LEA to remit payment to the vendor after the item(s) and an invoice are received.

A purchase order is a purchaser's document to formalize a purchase transaction with a vendor. The purchase order should contain statements as to the quantity, description, and price of the goods or services orders; applicable terms as to payment; discounts; date of performance; transportation arrangements; and other factors or suitable references pertinent to the purchase and its execution by the vendor. Acceptance of a purchase order constitutes a contract.

2. Use of Purchase Orders

A purchase order, after the final approval process, is a binding commitment for the LEA to remit payment to the vendor after the LEA receives the item(s). A purchase order is also an important accounting document. It should contain information on the expenditure to be made and the account code to be charged. Once issued, the purchase order encumbers funds, which

serves as an expenditure control mechanism. Finally, the purchase order is utilized in the accounts payable process as it documents that an order has been placed and is acceptable by the user; the user can make payment to the vendor upon verified and documented receipt of the goods/services.

Prior to the purchase of goods or services, a properly prepared and submitted purchase order shall be required.

Reimbursements for goods/services purchased personally will be reimbursed only if an approved purchase order is in place prior to the purchase of the goods and does not exceed the amount of the purchase order (shipping costs should be included in the purchase order).

No changes or substitutions to a purchase order may be made without approval from the Campus/Department Administrator and Purchasing Director.

All LEA personnel are required to follow the following guidelines for any purchase, regardless of fund source. In addition, Federal Program personnel will adhere to the applicable statute, regulations, and other grant requirements when making purchases. Employees who violate the LEA's purchasing procedures shall be held personally liable for the debt incurred.

Section 44.052 Texas Education Code states that a superintendent that approves any expenditure of school funds in excess of the amount appropriated for that item(s) in the adopted budget commits a Class C misdemeanor offense. Consequently, close supervision and monitoring of the availability of budget dollars and of the approval process for requisition competitive procurement are important elements of the LEA's purchasing process.

All purchases require purchase orders, with the exception of the following:

- a. Utilities
- b. Game Officials
- c. Security Officers
- d. Meals, mileage, etc., as noted on the LEA's Travel Reimbursement Request Form
(purchase orders should be issued for lodging)
- e. Reimbursements via revenue accounts
- f. Any other exceptions require prior CFO approval.

These exceptions require a signature from the appropriate principal/department head.

All purchase orders require approval with a requisition, using the TxEIS electronic requisition module. No confirmation ("after-the-fact") purchase orders will be allowed without justification and approval by the Superintendent or Chief Finance Officer.

3. Requisitions

According to the TEA 2010 Financial Accountability System Resource Guide (FASRG), a requisition is an internal document by which a campus or department of the LEA requests the purchasing department to initiate a purchase order. It is a request generated manually or electronically (through the use of automated systems) for the purchase of supplies, services, equipment, etc. The requisition should be in a standard format so that the information can be readily identified and transferred to a purchase order. If proper control procedures are used, the requisition and the purchase order can be combined on one form.

The LEA uses an electronic requisition system that generates pre-numbered requisitions. Only authorized personnel are granted access to this system. Also, this requisition system utilizes a specific approval path that every requisition must follow for approval.

The requisition should always include, at a minimum, the following:

- a. A description of the item(s) to be purchased (The description should be complete enough for anyone to understand the item(s) being purchased);
- b. The quantity needed/requested;
- c. The proposal number, if applicable;
- d. Vendor name (Use the LEA's approved vendor list);
- e. The code of the account to be charged;
- f. Pricing;
- g. Transportation (shipping) arrangements and cost, if any;
- h. Requests for requisitions for all Federal and State Grant funds must include justification back-up from the Campus/District Needs Assessment and Improvement Plan, where applicable;
- i. Payment terms;
- j. Discounts, if any.

Access to the requisition system is permitted once the principal/department head e-mails the Accounting Coordinator requesting access or change and permission is granted by the Chief Finance Officer.

When a request for goods or services is made to the campus/department designee, an electronic requisition is generated in TxEIS by the designee.

Upon entry in TxEIS, requisitions are routed through an approval chain before becoming a purchase order. The approval chain is as follows:

- ☞ Principal/Department Administrator
- ☞ Student Activity Fund Specialist in Business Office (if applicable)
- ☞ Technology Department (if technology related)
- ☞ Federal/State Special Revenue Administrator or Designee (if applicable)
- ☞ Accounting Coordinator
- ☞ Purchasing Director
- ☞ Chief Finance Officer (\$5,000 and greater)

4. Purchase Orders

The purchase order is the written evidence of orders placed as a result of properly initiated and approved purchase requisitions. The LEA's electronic requisition system generates pre-numbered purchase orders.

Once the requisition Approval Path is completed, the purchase order is generated.

The purchase order should always include, at a minimum, the following:

- a. Vendor name and address;
- b. Description of goods or services, including pertinent factors, such as size, color selection, etc.;
- c. Quantity of goods;
- d. Price (per unit and in total);
- e. Account codes (excluded from vendor copy);
- f. Payment terms;
- g. Discounts, if any;
- h. Transportation (shipping) arrangements;
- i. Other pertinent factors, such as delivery destination.

The purchase order is sent back to the campus/department and orders can then be placed. All purchase orders are submitted to vendors by the campus or department office.

During review and approval of requisitions and purchase orders, special attention should be given to the account coding. If there are not sufficient funds in the account the expenditure is to be coded to, the principal/department head or designee will request either a budget transfer or budget amendment. Requisitions that are not correctly coded will be returned to the campus/department, causing delays in the approval process.

For control purposes, the Business Office maintains electronic records in Skyward of all purchase orders issued. At the beginning of each fiscal year, the Accounting Coordinator assigns the initial number generated for requisitions and purchase orders. Skyward then assigns the next available number.

5. Blanket Purchase Orders

According to the TEA 2010 Financial Accountability System Resource Guide (FASRG), a blanket purchase order is issued to a pre-approved vendor authorizing purchases from that vendor over a period of time. Blanket purchase orders are valuable because they allow the purchase of items quickly, may eliminate numerous individual purchase orders for small dollar-value items, and usually reduce paperwork and related processing costs. However, blanket purchase orders must follow certain criteria: pre-qualification of vendors, limitation on the maximum amount for purchases, and a specific time frame for purchases covered by the blanket purchase order. Blanket purchase orders are issued so that supplies, materials, or services are available "as needed" by user departments.

The Purchasing Director is responsible for the pre-qualification of vendors and ensures that the number of vendors to whom blanket purchase orders are issued is limited.

The use of blanket purchase orders, including their amounts and duration, are approved by the Business Office.

All blanket purchase orders are generated with a broad description and closed prior to fiscal year-end. All receipts must be submitted to the Business Office within 30 calendar days of the purchase. All August purchase receipts must be submitted to the Business Office by September 15th.

6. Cancellation of Purchase Orders

In the event it is necessary to cancel a purchase order, the principal/department head or designee notifies Accounts Payable in writing so the encumbrance can be reversed.

7. Encumbrances

Encumbrances are funds that have been reserved when a purchase requisition is finalized and encumbered. When a requisition is processed, funds are placed aside for that transaction and are no longer available for use in other transactions to prevent the possibility of budget overspending. Encumbrances are used as a general planning tool, to predict cash outflow, and to avoid overspending. The amount of the encumbrance is subtracted from the account balance and once payment is made, the encumbrance will be reversed.

The Chief Finance Officer utilizes the Skyward financial accounting system to generate obligation, encumbrance, and expenditure information on a monthly basis to monitor and review budget performance.

8. Invoices/Payment Requests

Vendors are required to submit all invoices to the Business Office. If received at the campus or department office, invoices will be forwarded immediately to the Business Office.

There are two separate processes for payment of goods and services received:

- ☞ For goods received at the campus/department, the administrative assistant will sign the pink copy of the purchase order and forward it to the Business Office.
- ☞ For contracted services rendered, object code 62XX expenditures, the invoice must be signed by the appropriate administrator or designee in order to verify that the services were rendered.

If the quantity or amount invoiced exceeds the original encumbrance by \$100, or if a shipping charge has been added to the original purchase order, the administrator must sign on the pink copy of the Purchase Order, approving the increase.

Texas law requires that all invoices be paid to vendors within thirty (30) calendar days of receipt of the goods/services. If the LEA fails to pay promptly, the vendor can assess penalty

interest charges. If a school employee neglects to submit an invoice on a timely basis, he/she may be held personally liable for the penalty interest charges.

Invoices for goods must contain a clear description of the merchandise. Invoices for contracted services must include documentation containing dates, hours, students served, if applicable, and services provided, along with the total amount due for services rendered. A statement on the invoice "for services rendered" will not be accepted in lieu of a detailed description of the services performed.

Payment requests for security, game officials, utilities, travel reimbursement, and revenue reimbursement, with proper administrative approval, will be submitted immediately to the Business Office on approved forms.

9. Purchasing Deadlines

In an effort to maximize the use of budgeted funds during the current fiscal year and meet the needs of the intended beneficiaries, the purchasing deadline for supplies and equipment shall be April 1st, unless the specific State or Federal grant specifies a different date.

Summer needs for staff development and summer school should be anticipated and ordered prior to April 1st.

Purchasing documents for services and travel should be submitted within thirty (30) calendar days from the date in which it was incurred. All August purchasing documents must be submitted by September 15th.

At times, the purchasing deadlines for State or Federal grants may be different from the deadlines stated above due to grant ending dates.

10. Required Documentation for Disbursement of Funds

Third-party documentation is required to support disbursement of funds. Documentation includes, but is not limited to:

- ☞ Purchase Orders;
- ☞ Invoices;
- ☞ Original Receipts;
- ☞ Packing Slips

The LEA will maintain records sufficient to detail the significant history of procurement with Federal funds.

- o In addition to the documentation listed above, records for federal funds will include, but are not necessarily limited to, the following:
 - ☞ Rationale for the method of procurement;
 - ☞ Selection of contract type;
 - ☞ Contractor selection or rejection; and
 - ☞ The basis for the contract price

11. Registration Fees

Registration fees are only processed and paid by purchase order. Registration is paid in advance of the conference, and is sent directly to the conference vendor. No payments are made to employees for reimbursement of registration fees.

The requisition/purchase order for registration must include the date of the event and the number/names of attendees. A copy of the Pre-Travel Approval Request form must accompany the requisition before any payments will be made.

If registration fees are paid with Federal funds, the fee must only be paid during the grant year in which the event occurs.

12. Sales Tax Exemption Form

The Sales Tax Exemption Form shall be used for school-related purchases only. Misuse of the exemption form for personal purchases constitutes a misdemeanor.

Copies of the exemption form may be obtained online from the Business Office website. Taxes, which should have been exempt, will be unauthorized for reimbursement if the exemption form was not presented to the vendor at the time of the purchase.

13. Subscriptions and Memberships

All costs for membership in business, technical, and professional organizations and subscription costs for business, professional and technical periodicals paid from Federal funds are purchased in the name of the organization, rather than the individual(s).

14. Vendors

Purchases should be made from vendors that are on the LEA's approved vendor list. The approved vendor list is available on the Purchasing website. Priority should be given to these vendors since the goods and/or services have been subjected to the rigor of a competitive bid process. Purchases from unapproved vendors will be used in extenuating circumstances only, with prior approval from the Purchasing Director.

C. Purchase Methods

The type of purchase procedures required depends on the cost of the item(s) being purchased.

1. Purchasing Thresholds

The thresholds listed below incorporate all applicable requirements of federal, state and local guidelines. All purchases must be made from vendors who are either on an AISD contract, an approved cooperative list or an interlocal agreement.

a. Local and State Purchases

- ☐ Purchases up to \$4,999.99: Encouraged to secure a minimum of 3 quotes. (If quotes are secured, all documentation concerning choice of vendor is to be kept by end user)
- ☐ Purchases between \$5,000.00 - \$49,999.99: Must secure a minimum of 3 quotes. (All quote documentation concerning choice of vendor is to be kept by end user & a copy of the Bid Quote Summary must be provided to the Business Office)
- ☐ Purchases \$50,000.00 or above: Business Office will work directly with campus/department to determine bid process

b. Federal Purchases

- ☐ The LEA utilizes the micro-purchase threshold for federal purchases.
- ☐ Micro-purchases: Federal purchases up to \$10,000 may be awarded without soliciting competitive quotations if the price is considered reasonable. To the extent practicable, the LEA must distribute micro-purchases equitably among qualified suppliers.
- ☐ Small Purchases: Purchases between \$10,000 - \$50,000 must secure a minimum of 3 quotes. (All quote documentation concerning choice of vendor is to be kept by end user & a copy of the Bid Quote Summary must be provided to the Business Office)

Local Policy Statement: Andrews ISD reserves the right to be more strict than Federal Law regarding micro-purchase thresholds and self-certification rules. Although federal standards allow micro-purchases up to \$10,000 without quotes and self-certification up to \$50,000, the district's locally documented procurement procedures may require competitive pricing quotes or board approval at lower limits to ensure price reasonableness and local compliance. For more information see the policy (**CB (LOCAL)** and **CBB (LEGAL)**).

2. Local and State Purchasing Laws

a. State Purchasing Law TEC 44.031 The Texas Education Code (TEC) 44.031 addresses the requirement to competitively bid all LEA contracts for the purchase of goods and services valued at \$50,000 or more in the aggregate for each 12-month period, by the method that provides the best value for the LEA, according to the methods outlined in TEC 44.031:

- competitive bidding;
- competitive sealed proposals;
- a request for proposals, for services other than construction services;
- an interlocal contract;
- a design/build contract;
- a contract to construct, rehabilitate, alter, or repair facilities that involves using a construction manager;
- a job order contract for the minor construction, repair, rehabilitation, or alteration of a facility;
- the reverse auction procedure as defined by Section 2155.062(d), Government Code; or
- the formation of a political subdivision corporation under Section 304.011, Local Government Code.

c. Contract with Person Indebted to LEA

In order to receive a contract or enter into a transaction with the LEA, the consultant, contractor, or vendor must represent that they are not indebted to the LEA.

Exceptions to the competitive bid requirement include:

- ⊞ Contracts for the purchase of produce or vehicle fuel (TEC 44.031(a));
- ⊞ Contracts for professional services rendered by a certified public accountant; an architect; a landscape architect; a land surveyor; a physician, including a surgeon; an optometrist; a professional engineer; a state certified or state licensed real estate appraiser; or a registered nurse. Rather than be selected on the basis of competitive bids, the selection and award should be made on the basis of demonstrated competence and qualifications to perform the service and for a fair and reasonable price. (TEC 44.031(f); Government Code 2254,002(2)(B); 2254.003);
- ⊞ Emergency replacement or repair of school equipment, school facility, or portion of school facility that has been destroyed, severely damaged or experiences a major unforeseen operational or structural failure, as outlined in TEC 44.031(h) and approved by the Board of Trustees;
- ⊞ Computers and computer-related equipment, including computer software acquired through the Department of Information Resources under contracts entered into in accordance with Government Code 2054 or 2157 (TEC 44.031(i));
- ⊞ Sole Source Goods for items for which competition is precluded because of the existence of a patent, copyright, secret process, or monopoly; a film, manuscript, or book; a utility service, including electricity, gas, or water; and a captive replacement part or component for equipment. (TEC 44.031(j)). This Sole Source exception does not apply to mainframe data-processing equipment and peripheral attachments with a single-item price in excess of \$15,000 (TEC 44.031(k)).

d. Public Notice (TEC 44.031(g))

Notice of the time by when and place where the bids or proposals, or the responses to a request for qualifications, will be received and opened shall be published in the county in which the LEA's central administrative office is located, once a week for at least two weeks before the deadline for receiving bids, proposals, or responses to a request for qualifications.

If there is not a newspaper in that county, the advertising shall be published in a newspaper in the county nearest the county seat of the county in which the LEA's central administrative office is located. In a two-step procurement process, the time and place where the second-step bids, proposals, or responses will be received are not required to be published separately.

e. Award Determinations (TEC 44.031(b))

The following will be considered when determining to whom to award a contract:

- ⊞ The purchase price;
- ⊞ The reputation of the vendor and of the vendor's goods or services;
- ⊞ The quality of the vendor's goods or services;
- ⊞ The extent to which the goods or services meet the LEA's needs;
- ⊞ The vendor's past relationship with the LEA;

- ☞ The impact on the ability of the LEA to comply with laws and rules relating to historically underutilized businesses;
- ☞ The total long-term cost to the LEA to acquire the vendor's goods or services; and
- ☞ Any other relevant factor specifically listed in the request for bids or proposals.

f. Electronic Bids or Proposals (TEC 44.0313)

The Andrews ISD's Board of Trustees does not allow receipt of electronic bids or proposals.

g. Contracted Related and Management Fees Under Certain Cooperative Purchasing Contracts (TEC 44.0331)

- ☞ If the LEA enters into a purchasing contract valued at \$25,000 or more under TEC 44.031(a)(5), under Subchapter F, Chapter 271, Local Government Code, or under any other cooperative purchasing program authorized for LEAs by law, will document any contract-related fee, including any management fee, and the purpose of each fee under the contract.
- ☞ The amount, purpose, and disposition of any fee described above will be presented in a written report and submitted annually in an open meeting of the Board of Trustees of the LEA. The written report will appear as an agenda item.

h. Criminal History of Contractor (TEC 44.034)

The LEA may terminate a contract with a person or business entity if the LEA determines that the person or business entity failed to give advance notice to the LEA that the person or an owner or operator of the business entity has been convicted of a felony, according to TEC 44.034(a), or misrepresented the conduct resulting in the conviction. If the LEA terminates the contract for such reason, the LEA will compensate the person or business entity for services performed before the termination of the contract.

i. Construction Services, Design-Build Contracts for Facilities, Construction Manager-Agent, Construction Manager-At-Risk

The LEA will comply with the requirements found in TEC 44.035, 44.036, 44.037, 44.038, 44.039, 44.040, and 44.041 for specific information related to construction contracts.

Purchase or Lease of Automated External Defibrillator (TEC 44.047):

If the LEA purchases or leases an automated external defibrillator, as defined by Section 779.001, Health and Safety Code, the LEA will ensure that the automated external defibrillator meets standards established by the Federal Food and Drug Administration. The Purchasing Director is responsible for ensuring compliance.

j. State Law TEC 44.0351

- ⌖ Except to the extent prohibited by other law and to the extent consistent with this subchapter, a school district may use competitive bidding to select a vendor as authorized by Section 44.031(a)(1).
- ⌖ Except as provided by this subsection, Subchapter B, Chapter 271, Local Government Code, does not apply to a competitive bidding process under this subchapter. Sections 271.026, 271.027(a), and 271.0275, Local Government Code, apply to a competitive bidding process under this subchapter:
 - o Sec 271.026 Opening of Bids. Bids may be opened only by the governing body of the governmental body of the governmental entity at a public meeting or by an officer or employee of the governmental entity at or in an office of the governmental entity. A bid that has been opened may not be changed for the purpose of correcting an error in the bid price. This subchapter does not change the common law right of a bidder to withdraw a bid due to a material mistake in the bid.
 - o Sec 271.027(a) Award of Contract. The governmental entity is entitled to reject any and all bids.
 - o Sec 271.0275 Safety Record of Bidder Considered. In determining who is a responsible bidder, the governmental entity may take into account the safety record of the bidder, of the firm, corporation, partnership, or institution represented by the bidder, or of anyone acting for such a firm, corporation, partnership, or institution if:
 - ⌖ The governing body of the governmental entity has adopted a written definition and criteria for accurately determining the safety record of a bidder;
 - ⌖ The governing body has given notice to prospective bidders in the bid specifications that the safety record of a bidder may be considered in determining the responsibility of the bidder; and
 - ⌖ The determinations are not arbitrary and capricious.
- ⌖ A school district shall award a competitively bid contract at the bid amount to the bidder offering the best value for the district. In determining the best value for the district, the district is not restricted to considering price alone but may consider any other factors stated in the selection criteria. The selection criteria may include the factors listed in Section 44.031(b).
 - o Purchase price;
 - o Reputation of the vendor and of the vendor's goods or services;
 - o Quality of the vendor's goods or services;
 - o Extent to which the goods or services meet the district's needs;
 - o Vendor's past relationship with the district;
 - o Impact on the ability of the district to comply with laws and rules relating to historically underutilized businesses;
 - o Total long-term cost to the district to acquire the vendor's goods or services;
 - o Any other relevant factor specifically listed in the request for bids or proposals.

k. State Law TEC 44.0352:

In selecting a vendor through competitive sealed proposals as authorized by Section 44.031(a)(2), a school district shall follow these procedures:

- ☞ The district shall prepare a request for competitive sealed proposals that includes information that vendors may require to respond to the request. The district shall state in the request for proposals the selection criteria that will be used in selecting the successful offeror.
- ☞ The district shall receive, publicly open, and read aloud the names of the offerors and, if any are required to be stated, all prices stated in each proposal. Not later than the 45th day after the date on which the proposals are opened, the district shall evaluate and rank each proposal submitted in relation to the published selection criteria.
- ☞ The district shall select the offeror that offers the best value for the district based on the published selection criteria and on its ranking evaluation. The district shall first attempt to negotiate a contract with the selected offeror. The district may discuss with the selected offeror options for a scope or time modification and any price change associated with the modification. If the district is unable to negotiate a satisfactory contract with the selected offeror, the district shall, formally and in writing, end negotiations with that offeror and proceed to the next offeror in the order of the selection ranking until a contract is reached or all proposals are rejected.
- ☞ In determining the best value for the district, the district is not restricted to considering price alone but may consider any other factors stated in the selection criteria.

l. Enforcement of Purchase Procedures According to Texas Education Code 44.032

According to TEC 44.032, an officer, employee, or agent of an LEA commits an offense if the person, with criminal negligence, makes or authorizes separate, sequential, or component purchases to avoid the requirements of TEC 44.031(a) or (b). An offense under TEC 44.032(b) is a Class B misdemeanor and is an offense involving moral turpitude.

An officer, employee, or agent of an LEA commits an offense if the person, with criminal negligence, violates TEC 44.031(a) or (b) other than by conduct described in TEC 44.032(b). An offense under TEC 44.032(c) is a Class B misdemeanor and is an offense involving moral turpitude.

An officer or employee of an LEA commits an offense if the officer or employee knowingly violates TEC 44.031, other than by conduct described in TEC 44.032(b) and (c). An offense under TEC 44.032(d) is a Class C misdemeanor.

The final conviction of a person other than a trustee of an LEA for an offense under TEC 44.032(b) or (c) results in the immediate removal from office or employment of that person. Additional information concerning a trustee who is convicted of an offense under TEC 44.032(b) or (c) may be found at TEC 44.032(e).

3. Federal Purchases

a. Micro-Purchases (Purchases up to \$10,000 by default) 2 CFR §200.320(a)(1)

In accordance with 2 CFR §200.320(a)(1), micro-purchases may be awarded without soliciting competitive quotations if the LEA considers the price to be reasonable. The default federal micro-purchase threshold is capped at \$10,000. Self-Certification: As permitted under 2 CFR §200.320(a)(1)(iv), the LEA may self-certify a micro-purchase threshold up to \$50,000 on an annual basis, provided the LEA meets the qualification criteria (such as being a low-risk auditee, conducting an annual risk assessment, or complying with state law). Any such self-certification must be documented, approved by the Chief Finance Officer, and kept on file in the Business Office.

Documented Price Reasonableness: Even when the LEA does not solicit competitive quotes for micro-purchases, documented price reasonableness is required. The end user must verify and record that the price is fair and reasonable prior to completing the transaction. This documentation may include catalog checks, records of past purchases, online screenshots, or other reliable independent pricing data, and must be attached to the purchase requisition or kept with the procurement records.

To the extent practicable, the LEA must distribute micro-purchases equitably among qualified suppliers. Micro-purchase procedures comprise a subset of the LEA's small purchase procedures. The LEA uses such procedures in order to expedite the completion of its lowest-dollar small purchase transactions and minimize the associated administrative burden and cost.

During budget development, the Program Administrator will meet with the Purchasing Director to identify potential purchases within the micro-purchase threshold. The Program Administrator will maintain copies of purchase orders related to micro-purchases in order to monitor compliance.

b. Small Purchase Procedures (\$10,000 - \$50,000)

According to 2 CFR §200.320(b), small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold (less than \$50,000 in Texas for ISDs).

According to 2 CFR §200.88, Simplified Acquisition Threshold means the dollar amount below which an LEA may purchase property or services using small purchase methods. LEAs adopt small purchase procedures in order to expedite the purchase of items costing less than the simplified acquisition threshold. The simplified acquisition threshold is set by the Federal Acquisition Regulation at 48 CFR Subpart 2.1 and is periodically adjusted for inflation.

c. Purchases \$50,000 - \$150,000

For federal purchases between \$50,000 - \$150,000, the end user shall work in consultation with the Purchasing Director. The Purchasing Director will determine the bid process (CSP, RFP,

RFQ, etc) working directly with the campus or department. Newspaper advertisement is required. Award to be made by best value determination. Any single, budgeted purchase of goods or services that costs \$50,000 or more, regardless of whether the goods or services are competitively purchased, shall require Board approval before a transaction may take place.

d. Purchases Over \$150,000* (* For ISDs, purchases over \$150,000 are subject to the more restrictive federal law that restricts the procurement method to competitive bidding by sealed bids or competitive proposals)

i. *Sealed Bids (Formal Advertising/ Also known as “Competitive Bidding” in TEC 44.0351):*

Federal Law 2 CFR §200.320(c)

For federal purchases over \$150,000, bids are publicly solicited and a firm fixed price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price. The sealed bid method is the preferred method for procuring construction, if the following conditions apply:

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

If sealed bids are used, the following requirements apply:

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

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

ii. *Competitive Proposals/ Also known as “Competitive Sealed Proposals” in TEC 44.0352 :*

Federal Law 2 CFR §200.320(d)

For federal purchases over \$150,000, the technique of competitive proposals is normally conducted with more than one source submitting an offer, and either a fixed price or cost-reimbursement type contract is awarded. It is generally used when conditions are not appropriate for the use of sealed bids. If this method is used, the following requirements apply:

- ☞ Requests for proposals must be publicized and identify all evaluation factors and their relative importance. Any response to publicized requests for proposals must be considered to the maximum extent practical;
- ☞ Proposals must be solicited from an adequate number of qualified sources; and
- ☞ Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered.

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

If competitive bidding is chosen as the purchasing method, the Purchasing Director, as the Superintendent's designee, shall prepare bid specifications. All bids shall be in accordance with administrative regulations. The LEA does not accept electronic bids.

All bidders shall be invited to attend the bid opening. Any bid may be withdrawn prior to the scheduled time for opening. Bids received after the specified time shall not be considered.

iii. *Technical evaluations of proposals 2 CFR §200.320(d)(3)*

The LEA must have a written method for conducting technical evaluations of the proposals received under competitive proposals and for selecting recipients.

At a minimum, competitive proposals will be evaluated by an evaluation committee consisting of at least three designees, including at least one person with expertise in the area being evaluated. When considering proposals for goods, at least one evaluation will be conducted. When considering proposals for services, a two-step evaluation process will be conducted. The first step includes the evaluation of all proposals. The second step includes interviews with finalists. Unless otherwise stated in the proposal, evaluations and vendor selection will occur within two weeks of the closing date. Final selection may be determined by the School Board.

4. Noncompetitive Proposals 2 CFR §200.320(f)

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

- ☞ The item is available only from a single source;
- ☞ The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
- ☞ The federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the LEA; or
- ☞ After solicitation of a number of sources, competition is determined inadequate.

The Program Administrator will provide, and the Purchasing Director will maintain, adequate documentation that shows how the decision to use this method of procurement was reached, including the uniqueness of the services or goods sought, the scarcity of providers, and the specific expertise and experience of the vendor selected.

An online search for providers or a letter from the vendor stating they are the only source available is not sufficient. Upon investigation by the Purchasing Director, a notarized confirmation of sole source compliance will be required in order to obtain goods and services utilizing this procurement method. A claim of sole source may qualify for noncompetitive proposal if the material is copyrighted or an upgrade to an item previously purchased from the provider is being purchased. However, the best practice is to first use the competitive proposal process and only when the results are inadequate to then proceed to noncompetitive proposal.

Notwithstanding any other provision of the Education Code, in the event of a catastrophe, emergency, or natural disaster affecting the District, the Board may delegate to the Superintendent or designated person the authority to contract for the replacement or repair of school equipment under Education Code Chapter 44, Subchapter B if emergency replacement or repair is necessary for the health and safety of District students and staff.

5. Contract Cost/Price Analysis 2 CFR §200.323

The LEA performs a cost or price analysis in connection with every procurement action of a single item in excess of \$150,000 (Simplified Acquisition Threshold), including contract modifications. 2 CFR §200.323(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.

The method and degree of analysis is dependent on the facts surrounding the particular procurement situation; however, the Purchasing Director must come to an independent estimate prior to receiving bids or proposals. 2 CFR §200.323(a).

In completing a cost/price analysis, the Purchasing Director will consider the applicable options listed below:

- ☞ Compare proposed costs/prices with those under existing contracts for the same or similar items/services;

- ☞ Compare costs/prices with previous estimates for the same or similar items/services;
- ☞ Apply rough yardsticks (e.g., dollars per pound, per square foot, per hour, etc.) to compare prices and highlight significant inconsistencies that warrant additional pricing inquiry;
- ☞ Compare competitive price lists, published catalog or market prices of commodities and products, similar indices and discount or rebate arrangements;
- ☞ Compare proposed prices with independent (i.e., in-house) cost estimates;
- ☞ Apply audited or pre-negotiated (e.g., by the Federal government) indirect cost (e.g., overhead) rates, labor, or other factors; and/or
- ☞ Consider projected cost trends.

A review of the cost/price analysis will be completed by the Program Administrator and Purchasing Director.

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

6. Auditor Selection 2 CFR §200.509

- (a) Auditor procurement. In procuring audit services, the auditee must follow the procurement standards prescribed by the Procurement Standards in §§200.317 Procurement by states through 20.326 Contract provisions of Subpart D Post Federal Award Requirements of this part or the FAR (48 CFR part 42), as applicable. When procuring audit services, the objective is to obtain high quality audits. In requesting proposals for audit services, the objectives and scope of the audit must be made clear and the non-Federal entity must request a copy of the audit organization's peer review report which the auditor is required to provide under GAGAS. Factors to be considered in evaluating each proposal for audit services include the responsiveness to the request for proposal, relevant experience, availability of staff with professional qualifications and technical abilities, the results of peer and external quality control reviews, and price. Whenever possible, the auditee must make positive efforts to utilize small businesses, minority owned firms, and women's business enterprises, in procuring audit services as stated in §200.321 Contracting with small and minority businesses, women's business enterprises, and labor surplus area firms, or the FAR (48 CFR part 42), as applicable.
- (b) Restriction on auditor preparing indirect cost proposals. An auditor who prepares the indirect cost proposal or cost allocation plan may not also be selected to perform the audit required by this part when the indirect costs recovered by the auditee during the prior year exceeded \$1 million. This restriction applies to the base year used in the preparation of the indirect cost proposal or cost allocation plan and any subsequent years in which the resulting indirect cost agreement or cost allocation plan is used to recover costs.
- (c) Use of Federal auditors. Federal auditors may perform all or part of the work required under this part if they comply.
- (d) Single Audit Threshold (2 CFR §200.501). The LEA shall obtain a Single Audit in accordance with federal regulations if it expends \$1,000,000 or more in federal awards during its fiscal year. If the LEA expends less than \$1,000,000 in federal awards during its fiscal year, it is exempt from federal audit requirements for that year, though its financial records must still be maintained and made available for review or audit upon request.

D. Purchase Cards

Andrews ISD authorizes the use of District credit cards for the sole purposes of securing hotel reservations, payment of lodging and local taxes, airfare, and hotel parking (if included in the hotel bill). Under no circumstances shall they be used to circumvent the purchase order system.

The use of District credit cards for payment of grant-funded hotel lodging, local taxes, hotel parking, and airfare will follow micro-purchase guidelines, when applicable.

1. General Information

- ☞ District credit cards are not to be used for personal use.
- ☞ Upon issuance, the employee becomes responsible for the security of the account number and credit card. The account number and credit card shall not be used by anyone other than the authorized employee, and only for the authorized purchase.
- ☞ Andrews ISD is a tax-exempt entity and does not pay State sales tax. If State sales taxes are charged, the cardholder is personally liable for reimbursement of all taxes charged if the hotel will not credit the charges or issue a refund.
- ☞ Credit cards must be returned to the Business Office by the close of business on the date designated when receiving the credit card.
- ☞ All credit card purchases require itemized receipts. Itemized receipts must be received by the Business Office within 5 business days of the conclusion of the trip.
- ☞ The credit card charge slip is not considered adequate documentation.

2. Process

- ☞ Employee logs on to AISD website and submits the Andrews ISD Pre-Travel Approval Request.
- ☞ Once the request is approved by the employee's supervisor, notification will be forwarded to the Business Office.
- ☞ The Business Office will contact the employee and issue her/him a credit card number in order to secure a hotel reservation.
- ☞ Prior to the event, the employee is responsible for making hotel reservations and for requesting all Purchase Orders related to the trip (i.e., hotel accommodations, registration fees, etc.)
- ☞ When requesting a Purchase Order for lodging, the vendor will be noted as "CitiBank". Within the comments section of the PO, note the name of the hotel at which you will be staying.
- ☞ Prior to travel, the employee will be issued a credit card by the Business Office. The *employee will also receive copies of the Texas Hotel Occupancy Tax Exemption Certificate* and AISD Credit Card Authorization Form. Upon hotel check-in, the employee shall present both forms.
- ☞ Any State tax charges should be removed and other unauthorized charges will be paid by the employee prior to final checkout. In addition to the room rate, hotel parking and local taxes are allowed. Under the door "quick checkout" notices are not to be used as receipts. Front desk checkout is required to verify proper charges to the District credit card.

3. Violations & Consequences

The only person authorized to use the credit card is the cardholder who has been issued the card. The credit card is for authorized District purchases only. Inappropriate use of the credit card or

failure to abide by procedures and guidelines will result in revocation of the credit card and appropriate disciplinary action, including, but not limited to, possible termination of employment.

4. Purchase Card Rebates or Discounts

If the purchase card provides rebates or discounts back to the LEA, each federal award for which the card was used must receive a proportional credit. The Business Office will ensure that the proportional credit is allocated to the appropriate federal programs. The Accounts Payable Specialist will update a monthly spreadsheet, after reconciliation of the purchasing card statement. The spreadsheet will include date of purchases, amounts, and the appropriate funds for prorated distribution of rebates.

5. Gift Cards and Debit Cards

The LEA does not authorize the use of gift cards or debit cards for purchases with State or local funds. Gift cards or debit cards are not authorized for purchases with Federal grant funds because they do not provide adequate accountability for ensuring allowable use of funds.

E. Full and Open Competition

All procurement transactions (of a single item or multiple quantities of the same item, e.g. laptops) must be conducted in a manner providing full and open competition consistent with 2 C.F.R §200.319. 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 for such procurements. Some of the situations considered to be restrictive of competition include but are not limited to:

- ⌘ Placing unreasonable requirements on firms in order for them to qualify to do business;
- ⌘ Requiring unnecessary experience and excessive bonding;
- ⌘ Noncompetitive pricing practices between firms or between affiliated companies;
- ⌘ Noncompetitive contracts to consultants that are on retainer contracts;
- ⌘ Organizational conflicts of interest;
- ⌘ Specifying only a “brand name” product instead of allowing “an equal” product to be offered and describing the performance or other relevant requirements of the procurement; and
- ⌘ Any arbitrary action in the procurement process.

EDGAR further requires the following to ensure adequate competition.

1. Geographical Preferences Prohibited

The LEA must conduct procurements in a manner that prohibits the use of statutorily or administratively imposed state, local, or tribal geographical preferences in the evaluation of bids or proposals, except in those cases where applicable federal statutes expressly mandate or encourage geographic preference. When contracting for architectural and engineering (A/E) services, geographic location may be a selection criterion provided its application leaves an appropriate number of qualified firms, given the nature and size of the project, to compete for the contract.

Texas Education Code (TEC) 44.042 requires the following geographical preferences:

- ☞ LEAs that purchase agricultural products shall give preference to those produced, processed, or grown in Texas if the cost to the LEA is equal and the quality is equal. TEC 44.042(a).
- ☞ If agricultural products produced, processed, or grown in Texas are not equal in cost and quality to other products, the LEA shall give preference to agricultural products produced, processed, or grown in other states of the United States over foreign products if the cost to the LEA is equal and the quality is equal. TEC 44.042(b).
- ☞ An LEA that purchases vegetation for landscaping purposes, including plants, shall give preference to Texas vegetation if the cost to the LEA is equal and the quality is not inferior. TEC 44.042(c)
- ☞ An LEA may not adopt product purchasing specifications that unnecessarily exclude agricultural products produced, processed, or grown in Texas. TEC 44.042(f)
- ☞ For the purposes of TEC 44.042:
 - o “Agricultural products” includes textiles and other similar products.
 - o “Processed” means canning, freezing, drying, juicing, preserving, or any other act that changes the form of a good from its natural state to another form. TEC 44.042(g)

TEC 44 is applicable to ISDs and any charter schools that adopt Chapter 44.

2. Prequalified Lists

The LEA must ensure that all prequalified lists of persons, firms, or products which are used in acquiring goods and services are current and include enough qualified sources to ensure maximum open and free competition. Also, the LEA must not preclude potential bidders from qualifying during the solicitation period.

The Purchasing Director is responsible for ensuring the standards and elements described above are met.

3. Solicitation Language

The LEA 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 description must not, in competitive procurements, contain features which unduly restrict competition. The description may include a statement of the qualitative nature of the material, product or service to be procured and, when necessary, must set forth those minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use. Detailed product specifications should be avoided if at all possible.

When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a “brand name or equivalent” description may be used as a means to define the performance or other salient requirements of procurement. The specific features of the named brand which must be met by offers 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(c).

The Purchasing Director is responsible for ensuring the standards and elements described above are met.

F. Federal Procurement System Standards

1. Avoiding Acquisition of Unnecessary or Duplicative Items 2 CFR §200.318(d)

The LEA 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 must be made of leases versus purchase alternatives, and other appropriate analyses 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.

Please see page 23 for procedures on determining allowability.

2. Use of Intergovernmental Agreements 2 CFR §200.318(e)

To foster greater economy and efficiency, the LEA enters into state and local intergovernmental agreements where appropriate for procurement or use of common or shared goods and services.

3. Use of Federal Excess and Surplus Property 2 CFR §200.318(f)

The LEA considers the use of federal excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs.

4. Debarment and Suspension 2 CFR §200.212

The LEA 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, compliance with public policy, record of past performance, and financial and technical resources.

The LEA may not subcontract with or award subgrants to any person or company who is debarred or suspended. Purchasing Director is required to check for excluded parties at the System for Award Management website before any procurement transaction. This list is located at: <http://www.sam.gov/>.

5. Maintenance of Procurement Records 2 CFR §200.318(h)(i)

The LEA 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.

Please see page 88 for more information on the LEA's record policies.

6. Time and Materials Contracts 2 CFR §200.318(h)(i)(1-2)

The LEA 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 LEA 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 LEA must assert a high degree of oversight in order to obtain reasonable assurance that the contractor is using efficient methods and effective cost controls.

7. Settlements of Issues Arising Out of Procurements 2 CFR §200.318(k)

The LEA alone is responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising out of procurements. These issues include, but are not limited to, source evaluation, protests, disputes, and claims. These standards do not relieve the LEA of any contractual responsibilities under its contracts. Violations of law will be referred to the local, state, or federal authority having proper jurisdiction.

8. Protest Procedures to Resolve Dispute

The LEA maintains protest procedures to handle and resolve disputes relating to procurements and, in all instances, discloses information regarding the protest to the awarding agency. Complaints are handled in accordance with Andrews ISD policy GF (LOCAL).

G. Conflict of Interest Requirements

Employees should not use their position with the LEA to attempt to sell products or services.

Employees shall not recommend, endorse, or require students to purchase any product, material or service in which the employee has a financial interest or that is sold by a company that employs or retains the LEA employee during non-school hours.

1. Standards of Conduct (Conflicts of Interest) 2 CFR §200.318(c)(1)

In accordance with 2 CFR §200.318(c)(1), the LEA 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, or agent may participate in the selection, award, or administration of a contract supported by a federal award if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract. The LEA defines “immediate family” as: spouse; son or daughter, including a biological, adopted, or foster child, a son- or daughter-in-law, a stepchild, a legal ward, or a child for whom the employee stands in loco parentis; parent, stepparent, parent-in-law, or other individual who stands in loco parentis to the employee; sibling, stepsibling, and sibling-in-law; or grandparent and grandchild.

The LEA defines “partner” as a business relationship or connection between two or more parties based on commercial activity of one of the parties.

The LEA defines “financial or other interest” as: ownership of ten percent or more of the voting stock or shares of the business entity; ownership of ten percent or more of the fair market value of the business entity; ownership of \$15,000 or more of the fair market value of the business entity; funds received from the business entity exceed ten percent of the employee’s, officer’s or agent’s gross income for the previous year; real property is involved and the employee, officer or agent has an equitable or legal ownership with a fair market value of at least \$2,500.

The officers, employees, and agents of the LEA may neither solicit nor accept gifts, gratuities, favors, services, benefits, or anything of monetary value from contractors or parties to subcontracts that could reasonably be construed to influence the person’s discharge of assigned duties and responsibilities, unless the gift is an unsolicited item of nominal value (\$100 or less). Officers, employees, and agents of the LEA may accept gifts that are of nominal value given for the purpose of advertising, ceremonial occasions or official events. Nominal value is defined as \$100 or less.

a. Mandatory Disclosure to the LEA

The employee shall disclose in writing to his or her immediate supervisor (who in turn will notify the Purchasing Director in writing) a personal financial interest, a business interest, or any other obligation or relationship that in any way creates a real or potential conflict of interest with the proper discharge of assigned duties and responsibilities or that creates a potential conflict of interest with the best interest of the LEA. In the case that the individual receiving the report is also involved in the potential conflict, the disclosure should be submitted to the Deputy Superintendent.

The officer or agent of the LEA shall disclose in writing to the Chief Finance Officer a personal financial interest, a business interest, or any other obligation or relationship that in any way creates a real or potential conflict of interest with the proper discharge of assigned duties and responsibilities or that creates a potential conflict of interest with the best interest

of the LEA. In the case that the individual receiving the report is also involved in the potential conflict, the disclosure should be submitted to the Deputy Superintendent.

b. Removal from the Procurement Transaction

An employee, officer or agent shall be recused from a procurement transaction if there is a conflict of interest. At a minimum, documentation showing that the employee, officer or agent has properly recused him or herself from the procurement transaction is included in the bid documentation. Documentation shall be maintained by the Purchasing Department and involve the Director of Purchasing, Executive Director of Human Resources & Public Information, and the Chief Finance Officer, as applicable.

Each employee, officer, and agent of the LEA will be made aware of the conflict of interest policy in the employee handbook. Annual training is to be provided by the Business Office for those employees, officers, and agents of the LEA involved in the procurement process. These individuals will acknowledge their review of the conflict of interest policy. Signed acknowledgements and/or training session sign-in sheets, as applicable, will be maintained by the Business Office.

The LEA must disclose in writing any potential conflict of interest to the Federal awarding agency or pass-through entity (TEA) in accordance with applicable federal awarding agency policy. The LEA's Conflict of Interest policy will align with the USDE's conflict of interest policy once it has been released. 2 CFR §200.112

2. Purchasing Code of Ethics

There are certain common standards of ethics that govern the conduct of employees involved in the purchasing function, as follows:

- ☞ It is a breach of ethics to attempt to realize personal gain through public employment with the school district by any conduct inconsistent with the proper discharge of the employee's duties.
- ☞ It is a breach of ethics to attempt to influence any public employee of the school district to breach the standards of ethical conduct set forth in this code.
- ☞ It is a breach of ethics for any employee of a school district to participate directly or indirectly in procurement when the employee knows that:
 - o The employee or any member of the employee's immediate family has a financial interest pertaining to the procurement;
 - o A business or organization in which the employee, or any member of the employee's immediate family, has a financial interest pertaining to the procurement; or
 - o Any other person, business or organization with whom the employee or any member of the employee's immediate family is negotiating or has an arrangement concerning prospective employment is involved in the procurement.
 - o If a school district board member or other official has a substantial interest in procurement, that person shall abstain from discussion and decisions regarding the award of the procurement contract .(Local Government Code, Chapter 171.)

for definition of substantial interest.) In addition, the board member should disclose this substantial interest by filing an affidavit with the district.

- ☞ It is a breach of ethics to offer, give or agree to give any employee or former employee of the school district, or for any employee or former employee of the school district to solicit, demand, accept or agree to accept from another person, a gratuity or an offer of employment in connection with any decision, approval, disapproval, recommendation, preparation of any part of a program requirement or purchase request, influencing the content of any specification or procurement standard, rendering of advice, investigation, auditing, or in any other advisory capacity in any proceeding or application, request for ruling, determination, claim or controversy, or other particular matter pertaining to any program requirement or a contract or subcontract, or to any solicitation or proposal therefore pending before this government. Acceptance of gratuities may be construed as a criminal offense.
- ☞ It is a breach of ethics for any payment, gratuity or offer of employment to be made by or on behalf of a subcontractor under a contract to the prime contractor or higher tier subcontractor for any contract of a school district, or any person associated therewith, as an inducement for the award of a subcontract or order.
- ☞ It is a breach of ethics for any employee or former employee of the school district to knowingly use confidential information for actual or anticipated personal gain, or for the actual or anticipated gain of any person.

For a definition of the penalties, go to Texas Education Code – Subchapter B. -Sec. 44.032 and Local Government Code 271.029.

3. Organizational Conflicts 2 CFR §200.318(c)(2)

The LEA does not have a parent, affiliate, or subsidiary organization.

4. Disciplinary Actions

Penalties, sanctions, or other disciplinary actions for violations of standards of conduct will be in accordance and to the extent permitted under state and local law. The District may reprimand, suspend, or terminate the employment of an employee who knowingly fails to comply with the standards of conduct.

5. Mandatory Disclosure 2 CFR §200.113

Upon discovery of any potential conflict of interest and all violations of federal criminal law involving fraud, bribery, or conflict of interest/gratuity violations, the LEA must promptly disclose in writing the potential conflict or violation of federal criminal law to the federal awarding agency or pass-through entity (TEA) in accordance with applicable federal awarding agency policy. Specifically, the LEA must disclose in writing, in a timely manner, when there is credible evidence of violations of federal criminal law involving fraud, bribery, or conflict of interest/gratuity violations potentially affecting the federal award. The LEA will follow the USDE's policy once it has been released.

H. Contract Administration

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

Prior to delivery to the end user, purchased goods are received in the District's warehouse facility. Warehouse personnel will:

- ☞ Check items for damage.
- ☞ Pull the purchase order from TxEIS and match the PO with items received. The warehouse copy of the PO is stamped and dated when received.
- ☞ When delivered, the campus/department secretary signs the warehouse copy of the PO to denote that the item has been delivered.
- ☞ The campus/department secretary will notify the end user of delivery and will forward the pink copy of the PO to the Accounts Payable Specialist within the Business Office in order for payment to be made.

For services, the contract originator shall be directly responsible to ensure that the contracting party performs the services covered by the contract. When an invoice is received by the Business Office, it will be forwarded to the contract originator. The contract originator shall sign the invoice to certify that the work was completed to the terms of the contract. Upon receipt of the signed invoice from the contract originator, the campus/department secretary will sign the pink copy of the purchase order, and forward both the invoice and purchase order to the Business Office. Once the invoice is received in the Business Office, with all applicable signatures, the Accounts Payable Specialist will make payment.

Contract packets will be submitted to the Purchasing Director for review. Contracts will be forwarded to the Superintendent. All contracts and service agreements, etc. must be signed by the Superintendent or designee. Only the Superintendent or designee is authorized to sign a contract or agreement on behalf of the LEA. Contracts that exceed \$50,000 shall be approved by the Superintendent and the School Board.

An employee who signs a contract or agreement without proper authorization will be personally liable for the terms of the contract or agreement and the act may be grounds for termination of employment.

The Business Office maintains a copy of the signed contract, agreement, or purchase order for services performed.

All contracts or agreements (including MOUs, interlocal agreements, etc.) describe conditions under which the contract may be terminated for cause or for convenience by the LEA, including the manner by which it will be effected and the basis for settlement. Appendix II to 2 CFR Part 200.

Contracts for more than the simplified acquisition threshold (\$50,000) must address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as appropriate. Appendix II to 2 CFR Part 200.

If the contract is to develop materials, concepts, or products, the agreement or contract contains provisions that protect and retain ownership of such materials, concepts, or products by TEA, the State of Texas, and the federal government, as applicable (including copyright, patent, trademark).

The Purchasing Department will maintain evidence that awards were made only to contractors or consultants possessing the ability to perform successfully under the terms and conditions of the proposed contract or procurement. Otherwise, the end user shall provide a signed statement that the contractor or consultant was selected based on demonstrated competence, qualifications, experience, and reasonableness of costs and that consideration was given to contractor integrity, compliance with public policy, past performance, and financial and technical resources.

The Purchasing Department maintains evidence that consultants were selected based on demonstrated competence, qualifications, experience, and reasonableness of costs and that consideration was given to contractor integrity, compliance with public policy, past performance, and financial and technical resources. Otherwise, the end user shall provide a signed statement that reflects this criteria.

No federally funded contracts are entered into with employees of the LEA.

The Purchasing Department maintains evidence within the bid packet (i.e., Conflict of Interest Statements, selection committee membership, etc.) that an employee did not participate in selection or award of a contract if a conflict of interest was involved.

1. Rental/Usage of Facilities

The Purchasing Director will coordinate the rental/usage of LEA facilities with applicable campuses and departments. A Rental Agreement is required for all rentals of facilities by outside organizations. All contracts will include security deposits (unless waived), charges for facility usage, custodial services, and other related charges, if applicable. The Purchasing Director is authorized to waive security deposits.

2. Procedures for Submitting a Consultant Service Contract

Consultant service contracts (either the EISD services agreement or the vendor/contractor's contract) must have campus/department administrator approval and shall be forwarded to the Purchasing Director for review. In addition to the service agreement, documentation includes the: Scope of Services, Felony Conviction Notice, Criminal History Record Information Review, Debarment Form, Conflict of Interest Questionnaire, and W-9. Documentation of insurance, such as general liability, workers compensation, and auto liability may be needed as applicable.

The Purchasing Director will review the contract and attempt to resolve any deficiencies, if applicable.

The Purchasing Director will then forward the contract to the Chief Finance Officer, Superintendent, and/or School Board for final approval.

Upon receipt of the original signed contract, the Purchasing Director shall notify the requestor by email of the contract approval/disapproval, and file the original contract.

The requestor shall then submit a copy of the approved contract with the purchase requisition.

The contract originator will ensure that contractors, consultants, service providers, and vendors perform in accordance with the terms, conditions, and specifications of their contracts or purchase

orders.

Prior to disbursement of funds to a contractor, consultant, service provider, or vendor, documentation must be provided to the Accounts Payable Specialist to support the goods or services rendered.

Invoice documentation includes, but is not limited to: Description of the goods or services rendered; Dates; Rate; Total Hours, if applicable; Number of students served or names of students served, if applicable.

When procuring contracted services with Federal funds, the Program Administrator will ensure that every purchase order or contract includes language to ensure services align with allowable use of grant funds, if applicable.

3. Accountability

The LEA ensures that contractors perform in accordance with the terms, conditions, and specifications of their contracts and/or purchase orders.

The LEA obtains written contracts and/or purchase orders.

Contracts for services include a description of the services to be performed, the date(s) the services will be performed, the location(s) of where the services will be performed, the number or type of beneficiaries to be served, if applicable, and when payment(s) will be made, specifying completion before payment. The terms of the contract will include language that assures the activities performed by the contractor are allowable activities according to the Federal program, if applicable.

Purchase orders for goods include a description of the goods to be delivered, the location(s) of where the goods will be delivered, and when payment(s) will be made, specifying completion before payment.

Invoices match the contracts and/or purchase orders, including a description, date(s) and location(s) of services performed by the contractor or goods delivered by the vendor, and if applicable, the number of beneficiaries served.

The contract originator verifies that the services were performed or the goods were received before submitting the invoice to the Business Office. The contract originator will sign off on the pink copy of the PO, or initial the invoice to be paid if an open PO is being used. The Accounts Payable Specialist issues payment after all documentation is received from the contract originator. Invoices that merely state "for services rendered" will not be approved for payment. Invoices for services provided to students must indicate the number of beneficiaries served, if applicable.

The Business Office maintains evidence that payment was made only after the service was performed or goods received, and not before. Advance payment to contractors is prohibited.

4. Recommended Language for Contracts with Federal Funds

The Texas Education Agency (TEA) requires all professional services contracts be effective only during the period of availability of funds identified in the Notice of Grant Award (NOGA). In negotiating contracts prior to the effective date of a NOGA/Grant Award Notice (GAN), the LEA will implement one of the following options:

Option 1: A letter of intent to contract with a third party may be signed prior to the issuance of a NOGA/GAN.

- a. The letter of intent should contain a provision that the future contract is contingent upon receipt of the specific NOGA/GAN.
- b. Execute the contract after the NOGA/GAN is issued, as noted in Option 2 steps (b-j) below.

Option 2: The contract should contain the following provisions:

- a. The contract is only effective upon receipt by the subgrantee of the NOGA from the awarding agency.
- b. The contract period is aligned to the grant period of availability as stated on the NOGA from the awarding agency (period of availability).
- c. All services will be completed during the effective dates of the contract.
- d. All services will be invoiced monthly after services are received (rather than paid lump sum at the beginning of the period of availability before services are rendered) and paid upon verification of receipt of services.
- e. The regulations for procurement in 2 CFR §§200.318-323 are followed in issuing the contract.
- f. All professional services provided under the contract will follow the provisions of 2 CFR §200.459 Professional service costs.
- g. The contract identifies the funding sources that will be charged for the services provided, including the specific amount and/or percentage of the total contract amount to be charged to each funding source.
- h. The contract identifies and lists only reasonable, necessary, and allocable services to be provided during the period of availability of the funding sources listed in the contract.
- i. The administrative costs charged to the grant in the contract must comply with any limitations for administrative costs for funding sources (if applicable).
- j. The contract specifies that the invoice provided by the contractor will include the list of services provided, dates of services, and location(s) where services were provided during the billing period.

III. PROPERTY MANAGEMENT SYSTEM

A. Property Classifications

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

The LEA's established capitalization threshold is \$10,000

2. Supplies means all tangible personal property other than those described in §200.1 Equipment. A computing device is a supply if the acquisition cost is less than the lesser of the capitalization level established by the LEA for financial statement purposes or \$10,000, regardless of the length of its useful life. 2 CFR §200.1. The LEA's established capitalization threshold is notated above in the Equipment definition.

3. Computing devices means machines used to acquire, store, analyze, process, and publish data and other information electronically, including accessories (or "peripherals") for printing, transmitting and receiving, or storing electronic information. 2 CFR §200.20.

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

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

Local Policy Statement: Andrews ISD reserves the right to be more strict than Federal Law regarding the capitalization threshold of equipment. While federal Uniform Guidance sets a maximum limit of \$10,000 for equipment capitalization, the district may locally enforce a lower, more restrictive capitalization threshold for the purposes of asset property standards, tracking, and financial statement reporting. For more information see the policy (**CB (LOCAL)** and **CBB (LEGAL)**).

B. Inventory Procedure

Inventory is received at the LEA's warehouse. The warehouseman inspects the property to make sure it's in good condition and that it matches what is listed on the purchase order and packing slip. Then the items are delivered to the appropriate campus/department.

The following items are tagged by the warehouseman and the information is submitted to the Business Office to enter the information into the inventory software.

- ☞ Technology equipment and software equal to or greater than \$500 and technology items subject to inventory control that cost less than \$500.
- ☞ All other non-consumable items equal to or greater than \$500 and all other items subject to inventory control that cost less than \$500.

The technology department is responsible for configuring, distributing and/or installing all technology equipment and/or computing devices.

TxEIS does not generate a receiving report. The warehouseman will print a copy of the PO when the item is received. The warehouseman will sign the copy of the PO to verify receipt and the campus/department staff will sign to verify delivery of goods. The signed copies of the POs will then be forwarded to the Business Office. Information includes vendor, end user, items purchased, date received and by whom, date delivered to school/department and received by whom.

C. Inventory Records

For each equipment and computing device purchased with federal funds, the following information is maintained in the LEA's fixed asset inventory software:

- ☞ Description of the property;
- ☞ Serial number or other identification number;
- ☞ Source of funding for the property;
- ☞ Acquisition date and cost of the property;
- ☞ Percentage of federal participation in the project costs for the federal award under which the property was acquired;
- ☞ Location of the property; and
- ☞ Any ultimate disposition data including the date of disposal and sale price of the property.

In the event the property is sold, lost or stolen, or cannot be repaired, the Fixed Asset Inventory Control Form will be completed for inventory adjustment.

D. Physical Inventory

A physical inventory of the property must be taken and the results reconciled with the property records annually.

1. Fixed (capital) Assets

Fixed (capital) assets are tracked and recorded on the LEA's inventory system by the Business Office. A physical inventory is performed annually by a contracted third party and the results are reconciled with inventory records and the general ledger by the Chief Finance Officer. All missing items are investigated by the campus/department head. Fixed (capital) assets that are missing, obsolete, damaged beyond repair, etc. are reported to the Business Office and are marked as such in the inventory system. Items purchased with Federal or State grant funds that are to be removed from inventory (for whatever reason) shall be reported to the CFO on the Fixed Asset Inventory Control form for proper reporting to regulatory authority. Items with pink inventory labels may not be moved or disposed of without approval from the Program Administrator.

Within five business days of a District investigation in which property is determined to be stolen, a police report must be filed by the person who reported the item as missing. A copy of the police report must be submitted to the Business Office.

2. Supplies and Computing Devices

The technology department and department personnel will track supplies and computing devices that technically are not required to be inventoried, but must be safeguarded and tracked. Annually, after physical inventory and reconciliation is performed, a list shall be generated, by the Business Office, of items purchased with Federal and State grant funds. The Program Administrator will review the list to ensure the items are still being used for the intended purpose of the grant program. Any discrepancies shall be noted on the form, and the signed form shall be returned to the CFO.

E. Maintenance

In accordance with 2 CFR 200.313(d)(4), each campus/department within the LEA is responsible for maintaining property in good condition. Property is maintained and monitored by the appropriate district personnel. Equipment that is damaged or broken is reported to the appropriate department head for repairs. Property that is not repairable may be prepared for auction or disposal.

F. Lost or Stolen Items

The LEA maintains a control system that ensures adequate safeguards are in place to prevent loss, damage, or theft of the property (see D. Physical Inventory).

Upon discovery, lost, stolen or missing items should be reported to the Business Office within five days. Reference Fraud and Financial Impropriety under the Employee Conduct and Welfare section of the AISD Employee Handbook.

Specifically for technology, due to its likelihood of theft:

- ☞ An annual inventory is performed on all technology equipment by a third party vendor and the Technology Department.
- ☞ Technology equipment such as laptops and iPads are allowed to be taken off-site by staff members and students once checked out properly.
- ☞ Staff members and students must check out equipment through their campus library.
- ☞ Staff members may check-out their AISD laptop and iPad for the summer.
- ☞ All technology assets (equipment over \$500 or easily stolen) are barcoded and inventoried through the management system for its operating system.
- ☞ All individually assigned iPads are secured through Apple's Device Enrollment Program and tracked through Apple's iCloud Find My iPad app.
- ☞ Lost/stolen items are reported to campus administration or the Technology Department.
- ☞ Within five business days of the District investigation in which property is determined to be stolen, a police report must be filed by the person who checked it out and was responsible for the item. Copies of which must be submitted to the Technology Department and Business Office.
- ☞ Interviews are conducted, if administratively necessary, by the Technology Department and/or campus administration.

- ☞ Property is marked lost/stolen in the inventory system, but not deleted, by the Business Office.

G. Use of Equipment 2 CFR §200.313

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 LEA 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. 2 CFR §200.313(c)(1)

Notice of equipment available for transfer is disseminated by the Business Office. The Fixed Asset Inventory Control Form must be completed and signed by campus/department designee of the originating campus/department for any equipment or fixed asset being transferred. The form is then sent to the receiving campus/department for signature by the campus/department designee. The original form with both signatures is forwarded to the Business Office for proper recording of the changes and updates to inventory records.

1. Transfer of Equipment for Federal Grants Where TEA is the Pass-Through Entity

All disposition of equipment and surplus supplies, including transfer of equipment, require approval by TEA, regardless of the dollar amount of the current fair market value. The LEA will use the required TEA disposition form, available on the TEA website, to seek disposition approval prior to the actual transfer of the equipment.

2. Transfer of Equipment for Direct Federal Grants

All dispositions of equipment and surplus supplies, including transfer of equipment, will be handled according to the applicable federal guidelines.

3. Current Use of Equipment Shared with Other Projects or Programs 2 CFR §200.313(c)(2-3)

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. The Program Administrator will ensure shared usage will not interfere with the project or program for which it was originally acquired and that there are no federal programs with more restrictive rules that would not allow shared usage. 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.

User fees should be considered if appropriate. However, the LEA must not use equipment acquired with the federal award to provide services for a fee that is less than private companies charge for equivalent services unless specifically authorized by federal statute for as long as the federal government retains an interest in the equipment. If it is determined that a usage fee will be charged, the Program Administrator will perform a cost analysis to determine the amount private companies charge for equivalent services. The Business Office will track the revenue and ensure it is credited to the proper grant program.

H. Disposal of Equipment 2 CFR §200.313(e)

When it is determined that original or replacement equipment acquired under a federal award is no longer needed for the original project or program or for other activities currently or previously supported by a federal awarding agency, the Program Administrator will contact the awarding agency (or pass-through for a state-administered grant) for disposition instructions.

All dispositions of equipment and surplus supplies require approval by TEA, regardless of the dollar amount of the current fair market value. The LEA will use the required TEA disposition form, available on the TEA website, to seek disposition approval prior to the actual disposition of the equipment/supplies. (For direct federal grants, all dispositions of equipment and surplus supplies, will be handled according to the applicable federal guidelines.) Reasons for removal may include that the equipment is no longer operable, was destroyed, was stolen, or is no longer needed.

The Program Administrator is responsible for requesting and submitting the disposition request to TEA or the appropriate federal entity.

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, after receiving approval by TEA. If the item has a current FMV of more than \$10,000, the federal awarding agency is entitled to the federal share of the current market value or sales proceeds.

If acquiring replacement equipment, the LEA 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.

If the LEA chooses to sell the equipment, the Purchasing Director is responsible for the process.

Approved equipment may be sold under one of the following conditions:

- ☞ By competitive bidding through the Business Office. At least two offers must be received.
- ☞ By negotiated bid for items valued under \$10,000 as approved by the Business Office.
- ☞ By a public auction.

If the federal awarding agency is entitled to the federal share of the current market value or sales proceeds, the Business Office is responsible for the accounting and submittal of the funds.

Every effort should be made to determine if a need for the equipment exists anywhere in the LEA before a sale or trade is allowed. The Business Office is responsible for determining the appropriate method of disposition.

Equipment considered as surplus and/or unfit for further economical usage (including scrap material) may be transferred to the Warehouse for temporary storage or for ultimate disposition.

1. Sale of Surplus Property

All supplies and equipment which are deemed to be surplus (not of any use to the LEA), will be recommended to the Superintendent or designee for sale via auction. Auctions will be scheduled as needed. If the supplies or equipment were originally purchased with federal funds, approval of disposition must first be received from TEA.

Auctions may be advertised in the local newspaper. The LEA may also use an online auction service for surplus property sales.

The Purchasing Director is responsible for the administration of auctions.

Neither LEA supplies, nor equipment, shall be sold or conveyed other than via auction, unless authorized by the Superintendent or designee.

Local Policy Statement: Andrews ISD reserves the right to be more strict than Federal Law regarding the capitalization threshold of equipment. While federal Uniform Guidance sets a maximum limit of \$10,000 for equipment capitalization, the district may locally enforce a lower, more restrictive capitalization threshold for the purposes of asset property standards, tracking, and financial statement reporting. For more information see the policy (**CB (LOCAL)** and **CBB (LEGAL)**).

I. Control of Property, Equipment, Supplies Placed in a Private School for Equitable Services

Property, equipment and supplies placed at a private school to fulfill the ESSA and IDEA-B requirements to provide equitable services to parentally-placed private school children remain the property of the LEA. The district will control and administer the funds used to provide equitable services and will hold title to and administer materials, equipment, and property purchased from Federal funds for the provision of equitable services.

The district will ensure the property, equipment and supplies placed in the private school:

- ☞ Are used only for the purposes of the provision of equitable services,
- ☞ Are placed in the private school only for the period of time needed to provide equitable services,
- ☞ Are removed when no longer needed for the provision of equitable services,
- ☞ Are removed when needed to avoid unauthorized used,
- ☞ Are removable without remodeling the facility.

Inventory tags with the name of the school district are utilized to ensure proper identification of the district's property being placed temporarily in the private school.

The Program Administrator is responsible for ensuring the proper administration of property, equipment, and supplies placed in a private school for the provision of equitable services.

IV. WRITTEN COMPENSATION POLICIES

A. Time and Effort 2 CFR §200.430(i)

1. 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 in order 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 LEA on an integrated basis;
- ☞ Comply with the established accounting policies and practices of the LEA and
- ☞ Support the distribution of the employee’s salary or wages among specific activities or costs objectives.

2. Time and Effort Procedures

Despite the lack of specific rules requiring certain signatures or certain periods of certification, it’s very possible that auditors may interpret the requirement that records “must be supported by a system of internal controls which provides reasonable assurance” as including the need for certain signatures or periods of certification. Because of that uncertainty, it is generally recommended there be no changes to LEA’s time and effort system if the LEA believes they are in compliance with the previous rules until auditors begin to interpret these new standards.

All personnel paid with Federal funds are subject to Time Distribution Reporting to ensure that Federal program funds are used to pay only their proportionate share of personnel costs. The reporting must demonstrate that an employee paid with Federal funds actually worked on that specific Federal program or cost objective.

The type of time distribution report required is dependent on whether the employee works on a single cost objective or multiple cost objectives and whether the LEA elects to use the Substitute System of Time and Effort Reporting authorized by TEA.

A cost objective is a function, organizational subdivision, contract, grant, or other activity for which cost data are needed and for which costs are incurred. For example, a single cost

objective can be a single function or a single grant or a single activity.

Salaries and wages of employees used in meeting cost sharing or matching requirements of Federal awards are also subject to the Time Distribution Reporting requirement.

Contractors are not subject to the Time Distribution Reporting requirement.

a. Single Cost Objective (Periodic/Semi-Annual Certification)

Applies to employees who work solely (100% of their time) on a single Federal award/grant program or cost objective.

Charges for their salaries and wages must be supported by Periodic (Semi-Annual) Certifications that certify the employee worked solely on that program/single cost objective for the period covered by the certification.

The Periodic (Semi-Annual) Certification must be prepared at least semi-annually and signed after-the-fact.

The Periodic (Semi-Annual) Certification must be signed by the employee or by the supervisor having first-hand knowledge of the work performed by the employee.

The Periodic (Semi-Annual) Certifications are submitted for the time periods of January through June and July through December, or September through February and March through August.

The Periodic (Semi-Annual) Certifications are submitted to the Program Administrator.

The Periodic (Semi-Annual) Certifications are reviewed semi-annually by the Program Administrator for accuracy and compliance with Federal requirements.

Appendix B of this manual provides a sample of the Periodic (Semi-Annual) Certification form.

b. Multiple Cost Objectives (Time and Effort Personnel Activity Reports – PARs)

Applies to employees who do not work 100% of their time on a single Federal award/grant program or single cost objective but instead work under multiple grant programs or multiple cost objectives.

A distribution of their salaries or wages must be supported by Personnel Activity Reports (PARs).

The PARs must reflect an after-the-fact distribution of the actual activity of the employee and must account for the total activity for which the employee is compensated.

The PARs must be prepared at least monthly and must coincide with one or more pay periods.

The PARs must be completed and signed after-the-fact.

The PARs must be signed by the employee. The supervisor may sign in addition to the employee, but the signature of the supervisor alone is not sufficient for documentation.

The PARs are submitted monthly to the supervisor for review of accuracy and compliance with Federal requirements, who then forwards to the Program Administrator for final approval and cost reconciliation.

Appendix C of this manual provides a sample of the PAR.

c. Substitute System for Time and Effort Reporting for Employees Supported by Multiple Cost Objectives

The LEA does elect to use the Substitute System for Time and Effort Reporting in lieu of the Personnel Activity Report (PAR) for eligible employees supported by multiple cost objectives.

The Substitute System of Time and Effort Reporting is used in lieu of the Personnel Activity Report (PAR) for eligible employees who are supported by multiple cost objectives, have a predetermined schedule, and do not work on multiple activities or cost objectives at the exact same time on his or her schedule.

If the employee's schedule is not consistent from week to week, but changes regularly, that particular employee is not eligible to use the Substitute System but must submit monthly PARs instead.

If the employee is eligible to use the Substitute System, the employee must complete the TEA-approved Employee Schedule and Certification form on a semi-annual basis, at a minimum.

If the employee's predetermined schedule changes substantively (by more than 10%) during the year, the employee must complete and submit an updated Employee Schedule and Certification form.

The Employee Schedule and Certification form must be completed and signed after-the-fact.

The Employee Certification form must be signed by both the employee and the supervisor having first-hand knowledge of the work performed by the employee.

The Employee Schedule and Certification is submitted for the time periods of January through June and July through December, or September through February and March through August.

The Employee Schedule and Certification form is submitted semi-annually to the supervisor for review of accuracy and compliance with Federal requirements, who then forwards to the Program Administrator for final approval and cost reconciliation.

Charges to the grants must be supported by the Employee Schedule and Certification forms.

The Program Administrator will submit the required LEA Management Certification form to TEA (that notifies TEA of the LEA's election to use the Substitute System) on an annual basis by the deadline established by TEA for each school year in which the Substitute System is implemented.

Appendix D of this manual provides a sample of the Employee Schedule and Certification form.

Appendix E of this manual provides a sample of the LEA Management Certification form.

3. 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 actually performed.

For employees working under multiple cost objectives, budget estimates or other distribution percentages determined before the services are actually performed do not qualify as support for charges to Federal grant awards. However, the budget estimates or distribution percentages may be used for interim accounting purposes, provided that:

- ☞ The LEA's system for establishing the estimates produces reasonable approximations of the activity actually performed;
- ☞ At least quarterly, comparisons of actual costs to budgeted distributions based on the monthly Time and Effort PARs are made;
- ☞ At least semi-annually, comparisons of actual costs to budgeted distributions are made based on the Substitute System's Employee Schedule and Certification forms, if applicable;
- ☞ If the cost comparisons show the differences between budgeted and actual costs are less than ten percent, adjustments made to costs charged to Federal awards as a result of the cost reconciliation are recorded annually;
- ☞ If the cost comparisons show the differences between budgeted and actual costs are ten percent or more, adjustments made to costs charged to Federal awards as a result of the cost reconciliation are recorded quarterly;
- ☞ The budget estimates or other distribution percentages are revised at least quarterly, if necessary, to reflect changed circumstances.

The Program Administrator and Business Office are responsible for performing the cost reconciliation and adjustments.

4. Job Descriptions

An integral component of an adequate financial management system is the development and maintenance of records documenting the duties and responsibilities of personnel and the employee's acknowledgement of their understanding of their duties and responsibilities.

Employee job descriptions are signed and dated by the employee as acknowledgement that the employee has full knowledge of their duties and responsibilities.

Employee job descriptions must be current. Employee job descriptions are updated as new assignments are made. The Program Administrator and/or employee's supervisor will monitor job descriptions to ensure they are kept up-to-date and that the job descriptions accurately and completely describe the work performed by the specific position. Job descriptions for positions that are split-funded should be reviewed quarterly by the supervisor, at a minimum, to ensure the job description remains current. Human Resources will assist as necessary.

Employee job descriptions for personnel paid from Federal funds must delineate all program or cost objectives under which the employee works. Supervisors must ensure that job descriptions and duties are specific to the particular grant program and clearly identify the functions and programs they benefit, including the fund source(s) from which the position is compensated. The Program Administrator and/or employee's supervisor will ensure the job description aligns the activities of the position to the program goals of the fund source and ties the source of funds to the activity. Human Resources will assist as necessary.

If a position benefits multiple cost objectives or programs, the job description will clearly define each program, function, and/or fund source and clearly identify and distinguish the duties and responsibilities for each respective program, function, and/or fund source.

If a position benefits a single cost objective or program, the job description will clearly indicate the employee is assigned 100% to the program. If a position that benefits a single cost objective is funded through multiple sources, a sentence will be added to the job description stating that the position is supported by a single cost objective even though its funding is split among multiple sources.

If a position has administrative duties, the job description will clearly delineate the administrative activities and identify the percentage of administrative activities compared to program activities

5. Employee Exits

Exit interviews will be scheduled for all employees leaving the district. Information on the continuation of benefits, release of information, and procedures for requesting references will

be provided at this time. Separating employees are asked to provide the district with a forwarding address, phone number and email in the event the district needs to contact them after separation. Additionally, they are asked to complete a questionnaire that provides the district with feedback on his or her separation details and employment experience. All district keys, books, property, including intellectual property, and equipment must be returned upon separation from employment.

Any staff member who separates from employment with the LEA will be ineligible to attend any conference, workshop, or convention paid out of any LEA funds, when such attendance occurs after the separation date.

Any staff member who separates from employment with the LEA and attends a conference, workshop, or convention paid out of any LEA funds, when such attendance occurs after the separation date, will be liable for the costs of the conference, workshop, or convention and will not be reimbursed for such costs by the LEA.

The employee's supervisor and the Human Resources Department are responsible for ensuring compliance with this requirement.

B. Human Resources Policies

Employees are paid in accordance with administrative guidelines and an established pay structure. The district's pay plans are reviewed by the administration each year and adjusted as needed. All district positions are classified as exempt or nonexempt according to federal law. Professional employees and academic administrators are generally classified as exempt and are paid semi-monthly salaries. They are not entitled to overtime compensation. Other employees are generally classified as nonexempt and are paid an hourly wage or salary and receive compensatory time or overtime pay for each overtime hour worked beyond 40 in a workweek.

Before the start of each school year, payroll schedules are posted online by the Payroll Specialist. Employee duty day calendars are posted online by the HR Department. Classroom teachers, full-time librarians, full-time nurses, and full-time counselors will be paid no less than the minimum state salary schedule. Contract employees who perform extracurricular or supplemental duties may be paid a stipend in addition to their salary according to the district's extra-duty pay schedule. Employees should contact the Human Resources Department or the Business Office for more information about the district's pay schedules or their own pay.

If extra-duty is performed a Request for Payroll Supplement (aka "Blue Form") must be submitted. Forms are available through the campus / department secretary. The extra duty forms must be completed and submitted to the business office by the person responsible for approving the supplement. The forms are due completely filled out by the dates outlined on the back of the form. All information must be complete or the supplement cannot be processed and will be held for the next payroll.

Stipends that are less than \$1,000 (ex: department head, team leader, etc.) will be paid on the last check of the month ½ in December and ½ in May. The time sheet schedule will be followed for these Requests for Payroll Supplement (blue sheet) and must be turned in according to established dates.

When employees work athletic events, an Athletic Duty Sheet must be completed and submitted to the business office by the person responsible for approving the supplement. The forms are due completely filled out by the dates outlined on the back of the form. All information must be complete or the supplement cannot be processed and will be held for the next payroll.

The Andrews ISD does not discriminate against any employee or applicant for employment because of race, religion, sex, age, national origin, disability, military status, genetic information, or on any other basis prohibited by law. Employment decisions will be made on the basis of each applicant's job qualifications, experience, and abilities. Employees with questions or concerns relating to discrimination on any of the bases listed above should contact the Human Resources Department. Announcements of job vacancies by position and location are posted on the district's web site at www.andrews.esc18.net

Individuals receiving retirement benefits from the Teacher Retirement System (TRS) may be employed in certain positions or on a part-time basis without affecting their benefits, according to TRS rules and state law. Detailed information about employment after retirement is available in the TRS publication Employment After Retirement. Employees can contact TRS for additional information by calling 800-223-8778 or 512-542-6400. Information is also available on the TRS Web Site (www.trs.state.tx.us).

State law requires the district to employ all full-time professional and administrative employees in positions requiring a certificate and nurses under probationary, term, or continuing contracts. Employees in all other positions are employed at will or by a contract that is not subject to the procedures for non-renewal or termination under Chapter 21 of the Texas Education Code. Full-time professional employees new to the district and employed in positions requiring SBEC certification must receive a probationary contract during their first year of employment. Former employees who are hired after a two-year lapse in district employment or employees who move to a position requiring a new class of certification may also be employed by probationary contract. Probationary contracts are one-year contracts. The probationary period for those who have been employed as a teacher in public education for at least five of the eight years preceding employment with the district may not exceed one school year. For those with less experience, the probationary period will be three school years (i.e., three one-year contracts) with an optional fourth school year if the board determines it is doubtful whether a term or continuing contract should be given.

Full-time professionals employed in positions requiring certification will be employed by term contracts after they have successfully completed the probationary period. The terms and conditions of employment are detailed in the contract and employment policies. All employees will receive a copy of their contract. Employment policies can be accessed on line or copies will be provided upon request.

Employees in professional and administrative positions that do not require certification (such as non-instructional administrators) may be employed by non-chapter 21 contract or at-will. If employed at-will, employment is not for any specified term and may be terminated at any time by either the employee or the district.

All paraprofessional and auxiliary employees, regardless of certification, are employed at will and not by contract. Employment is not for any specified term and may be terminated at any time by either the employee or the district.

Employees are required to disclose in writing to their immediate supervisor any outside employment (including professional services and/or contracted services) that may create a potential conflict of interest with their assigned duties and responsibilities or the best interest of the district. Supervisors will consider outside employment on a case-by-case basis and determine whether it should be prohibited because of a conflict of interest.

The district offers employees paid and unpaid leaves of absence in times of personal need. Employees who expect to be absent for an extended period of more than five days should call the Human Resources Department for information about applicable leave benefits, payment of insurance premiums, and requirements for communicating with the district. State law entitles all employees to five days of paid personal leave per year. Personal leave is available for use at the beginning of the year. A day of earned personal leave is equivalent the number of hours per day in an employee's usual assignment, whether full-time or part-time. State personal leave accumulates without limit, is transferable to other Texas school districts, and generally transfers to education service centers. Personal leave may be used for two general purposes: nondiscretionary and discretionary.

Many Human Resource and District Policies are referenced in the Employee Handbook. The handbook is neither a contract nor a substitute for the official district policy manual which is also available online. The Handbook is a guide to and a brief explanation of district policies. District policies and procedures can change at any time. For more information, employees may refer to the policy codes referenced in the handbook, confer with their supervisor, or call the appropriate district office. Policy manuals are located in the Human Resources Office and on the AISD website at www.andrews.esc18.net

1. Position Control

The LEA utilizes internal accounting records for each employee position:

- 📄 Request to Post Position: Responsibility of Campus/Department Head
- 📄 Advertisement of Position: Responsibility of Human Resources Department
- 📄 Personnel Recommendation: Responsibility of Campus/Department Head
- 📄 Employee Job Description: Responsibility of Campus/Department Head and Human Resources Department
- 📄 Personnel Action Request (PAR): Responsibility of Campus/Department Head and Human Resources Department
- 📄 Annual Employee Salary Information Confirmation: Responsibility of Human Resources Department
- 📄 Transfer Form to move from one position or department to another: Responsibility of Campus/Department Head and Human Resources Department

The Business Office ensures all wage changes and annual salaries and deductions are accurately tracked and recorded, salaries are allocated to the proper general ledger accounts, and payroll taxes and deductions are properly calculated.

V. RECORD KEEPING

A. Record Retention

The LEA 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 CFR §§76.730-.731 and §§75.730-.731. The LEA also maintains records of significant project experiences and results. 34 CFR §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 5 years before the receipt of a program determination letter. 34 CFR §81.31(c). Consequently, the LEA retains 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 CFR §200.333.

The LEA will utilize the services of a third-party vendor to destroy records in accordance with applicable record retention schedules provided by the Texas State Library and Archives Commission, and updated records inventories will be maintained.

1. State Law Regarding Records Retention

The Texas State Library and Archives Commission records retention schedules are available at: www.tsl.state.tx.us/slr/recordspubs/localretention.html

The Government Code, Section 411.158, provides that the Texas State Library and Archives Commission shall issue records retention schedules for each type of local government, including a schedule for records common to all types of local government. The law provides further that each schedule must state the retention period prescribed by Federal or State law, rule of court, or regulation for a record for which a period is prescribed; and prescribe retention periods for all other records, which periods have the same effect as if prescribed by law after the records retention schedule is adopted as a rule of the Commission.

The retention period for a record applies to the record regardless of the medium in which it is maintained. Some records listed in the retention schedule are maintained electronically in many offices, but electronically stored data used to create in any manner a record or the functional equivalent of a record as described in the retention schedules must be retained, along with the hardware and software necessary to access the data, for the retention period assigned to the record, unless backup copies of the data generated from electronic storage are retained in paper or on microfilm for the retention period. This includes electronic mail

(email), websites, and electronic publications.

The use of social media applications may create public records. Any content (messages, posts, photographs, videos, etc.) created or received using a social media application may be considered records and should be managed appropriately. The retention of social media records is based on content and function. Local governments will need to consult the relevant records retention schedule for the minimum retention periods.

Unless otherwise stated, the retention period for a record is in calendar years from the date of its creation. The retention period applies only to an official record as distinct from convenience or working copies created for informational purposes. Where several copies are maintained, each local government should decide which shall be the official record and in which of its divisions or departments it will be maintained. Local governments in their records management programs should establish policies and procedures to provide for the systematic disposal of copies.

A local government record whose retention period has expired may not be destroyed if any litigation, claim, negotiation, audit, public information request, administrative review, or other action involving the record is initiated; its destruction shall not occur until the completion of the action and the resolution of all issues that arise from it.

A local government record whose retention period expires during any litigation, claim, negotiation, audit, public information request, administrative review, or other action involving the record may not be destroyed until the completion of the action and the resolution of all issues that arise from it.

If a record described in the retention schedule is maintained in a bound volume of a type in which pages were not meant to be removed, the retention period, unless otherwise stated, dates from the date of last entry.

If two or more records listed in the retention schedule are maintained together by a local government and are not severable, the combined record must be retained for the length of time of the component with the longest retention period. A record whose minimum retention period on the retention schedule has not yet expired and is less than permanent may be disposed of if it has been so badly damaged by fire, water, or insect or rodent infestation as to render it unreadable, or if portions of the information in the record have been so thoroughly destroyed that remaining portions are unintelligible. If the retention period for the record is permanent in the retention schedule, authority to dispose of the damaged record must be obtained from the Director and Librarian of the Texas State Library and Archives Commission. A Request for Authority to Destroy Unscheduled Records (FORM SLR 501) should be used for this purpose.

B. Collection and Transmission of Records

Records will be maintained either electronically or as paper copies. Records will remain on-site for one year and then moved off-site for the remainder of the applicable retention period. If the applicable record is kept as a paper copy, copies will be provided to awarding agencies either electronically or as paper copies. If the record is kept electronically, the record will be transmitted electronically to the recipient in accordance with 2 CFR §200.335.

The LEA's records management system establishes a records retention schedule and determines which records are active and should be retained in office space, which records are inactive and should be moved to storage, which records have served their usefulness and may be destroyed, which records are confidential or sensitive and require security measures to restrict access, which records are essential and require backup protection, and which records demonstrate compliance with legal requirements.

In developing the LEA's records retention schedule, the Records Management Officer will ensure it is consistent with the applicable minimum retention schedules adopted by the Texas State Library and Archives Commission, i.e., Local Schedule GR – Records Common to All Governments, Local Schedule EL - Records of Elections and Voter Registration, Local Schedule TX – Records of Property Taxation, and Local Schedule SD – Records for Public School Districts. 13 TAC (Texas Administrative Code) 7.125.

In addition, records that are not listed on the Texas State Library and Archives Commission records retention schedule, but are retained for administrative value, are included in the records management plan, with a retention period identified for each record type.

The LEA may not dispose of a record listed in the applicable retention schedule prior to the expiration of its retention period. The LEA's records control schedule may not set a retention period that is less than that established for the record in the applicable schedule. Original paper records may be disposed of prior to the expiration of their minimum retention periods if they have been microfilmed or electronically stored pursuant to the provisions of the Local Government Code, Chapter 204 or Chapter 205, as applicable, and rules of the Texas State Library and Archives Commission adopted under those chapters. Actual disposal of such records is subject to the policies and procedures of the LEA's records management program.

Even if the legal retention period has expired for a record, the record will not be destroyed if one of the following exists:

- ☞ The subject matter of the record is known to be in litigation;
- ☞ The record is subject to a pending request for disclosure under the Open Records Act;
- ☞ There is an outstanding request to inspect and review the record under the Family Educational Rights and Privacy Act (FERPA);
- ☞ The record is subject to a pending audit by a Federal or State granting agency or subgrantor agency;
- ☞ Questions remain unresolved from a conducted audit until audit findings are solved.

The LEA maintains and preserves some original records in electronic format for convenient use and some are stored in paper format. Records stored on microfiche will comply with the requirements established in the Texas State Library's Local Government Bulletin A, Microfilming Standards and Procedures. Records stored on electronic or magnetic media must follow the requirements established in Local Government Bulletin B, Electronic Records Standards and Procedures.

Active records are stored at the campus/department locations. Active records are records that are current or accessed frequently. Inactive records are records that are accessed infrequently or not at all. Inactive records are stored in the District warehouse. The records retention schedule will identify all records in storage and their location.

Any person who knowingly or intentionally violates the specific rules for the destruction of records established by the Texas Government Records Act violates the law. According to Section 202.001 of the Texas Government Records Act (Local Government Code 202.001), records may be destroyed if:

- ☞ The record is listed on a records control schedule accepted for filing by the Texas State Library and Archives Commission (the Commission) and its retention period has expired or it has been microfilmed or stored electronically in accordance with established requirements;
- ☞ The record appears on a list of obsolete records approved by the Commission;
- ☞ A destruction request is filed with and approved by the Commission (for a record not listed on an approved control schedule);
- ☞ The record destruction or obliteration is directed by an expunction order issued by a district court pursuant to State law;
- ☞ The record is defined as exempt from scheduling or filing requirements by rules adopted by the Commission or listed as exempt in a records retention schedule issued by the Commission.

Records may be destroyed by burning, shredding, pulping, burial in a landfill or by sale or donation for recycling purposes, subject to the following exceptions:

- ☞ Records to which public access is restricted under Chapter 552, Government Code, or other State law may be destroyed only by burning, pulping, or shredding;
- ☞ An LEA that sells or donates records for recycling purposes must establish procedures for ensuring that the records are rendered unrecognizable as local government records by the recycler;
- ☞ The Commission may approve other methods of destruction that render the records unrecognizable as local government records.

In conjunction with the Records Management Officer, the Records Management Consultants update LEA records on an annual basis. Any records scheduled for destruction are pulled and recorded by the Records Management Consultants and Records Management Officer or designee, and picked up at a later date for destruction. No records are destroyed without the approval of the Chief Finance Officer. The Business Office will maintain the confidentiality statement provided

by the Records Management Consultants.

The special education department observes federal and state laws, state regulations and local policies pertaining to the confidentiality of student records. Parents (or an eligible student 18 years or older) may inspect and review records at any time. School officials with a legitimate educational interest have access to student records. The parents of a student with a disability must give written consent before a student's records can be seen by someone not involved in the student's education.

If the student transfers to another school district, special education records will be sent to the receiving district without parental consent.

Special education eligibility and educational records are maintained for five (5) years following the date of the last recorded action for each student served by the Special Education Department of Andrews ISD. At the end of five years, the records will be destroyed.

Parent/guardian/adult student has been informed that the District shall retain education records of students with disabilities for five years after the student's graduation or dismissal from special education.

Records with personally identifiable information are located on the campus of the school which the student attends and the Special Education Services office.

If record retention schedules prescribed by the Texas State Library and Archives Commission indicate a retention period that differs from the Federal requirements, the more restrictive retention period will be followed. Since Title IV of the Every Student Succeeds Act (ESSA) – Elementary and Secondary Education Act (ESSA) has no statute of limitations, all records are maintained for that grant program.

C. Access to Records

The LEA 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 LEA which are pertinent to the Federal award, in order to make audits, examinations, excerpts, and transcripts. The right also includes timely and reasonable access to the LEA's personnel for the purpose of interview and discussion related to such documents.

D. Privacy

In order to ensure the personal information of both students and employees is protected by the LEA, protective measures include, but are not limited to: network passwords are forced to change periodically; enterprise firewall in place between LEA and outside entities; both computers and software require passwords in order to grant access; records are maintained in "vaults" and/or locked filing cabinets; visitors/requestors are required to sign in and present identification; public information requests are reviewed for potential FERPA issues and personally identifiable information is redacted prior to release of information.

VI. SELF-MONITORING AND AUDIT RESOLUTION

A. Program Evaluation

The appropriate Program Administrator will monitor Federal grant-supported activities to assure compliance with applicable Federal requirements and to assure that performance goals are being achieved. Actual accomplishments will be compared to the objectives of the program.

Activities for monitoring and evaluating program performance include, but are not limited to:

- ☞ Interviews with campus administrators;
- ☞ Collaboration with regional Education Service Center staff for training, technical assistance, and consultative services;
- ☞ Review of applicable data;
- ☞ Leadership team meetings on a regular basis to review program activities

B. Monitoring Implementation of Written Policies and Procedures

The LEA will self-monitor implementation of their written policies procedures through review of all requisitions before approval and by review of all travel reimbursement requests. The Business Office/Program Administrators monitor compliance with written policies and procedures. Policies and procedures are reviewed annually. Employees are required to sign and date that they have read the policies and procedures annually.

C. Audit Resolution

The LEA will review the results of audit and monitoring visits and implement corrective actions. Corrective action plans are written to address findings. The Business Office and appropriate Program Administrator will follow up to ensure the findings are corrected.

VII. QUESTIONS TO CONSIDER WHEN DETERMINING ALLOWABILITY OF COST WITH FEDERAL FUNDS

Fiscal and program staff should refer to this section for a useful framework when performing an analysis of allowability. In order to determine whether federal funds may be used to purchase a specific cost, it is helpful to ask the following questions:

- ☐ Is the proposed cost allowable under the relevant program?
 - ☐ Am I familiar with the program-specific statutes and regulations?
 - ☐ Have I reviewed the Program Guidelines issued by TEA for this particular grant program?
- ☐ Is the proposed cost consistent with program-specific fiscal rules?
 - ☐ Does the program have a supplement, not supplant rule?
 - ☐ Are there other program-specific fiscal rules that affect this cost item?
- ☐ Is the proposed cost consistent with an approved program plan and budget?
 - ☐ Have I reviewed the applicable program plan?
 - ☐ Is the cost item budgeted in our local budget or does it need to be added?
 - ☐ Does the cost require specific approval from TEA?
 - ☐ Is the cost item budgeted in the grant application or does it need to be added?
 - ☐ If the cost was in the grant application, was the cost approved by TEA?
- ☐ Is the proposed cost consistent with specific conditions imposed on the grant (if applicable)?
 - ☐ Have I reviewed the NOGA for the grant award to determine specific terms and conditions?
- ☐ Is the proposed cost consistent with EDGAR?
 - ☐ Is the proposed cost item reasonable?
 - ☐ Is it a type generally recognized as ordinary and necessary for the operation of the LEA?
 - ☐ Is it a type generally recognized as necessary for the proper and efficient performance of the specific federal program?
 - ☐ Are sound procurement practices, such as arms-length bargaining, full and open competition standards followed?
 - ☐ Are you significantly deviating from your locally established practices and policies?
 - ☐ Is the price consistent with market prices for comparable goods or services for the geographic area?
 - ☐ Did you perform a cost/price analysis?
 - ☐ Did you perform a lease vs purchase analysis?
 - ☐ Did you consider the use of federal excess and surplus property in lieu of purchasing new equipment or property?
 - ☐ Is this the minimum amount I need to spend to meet my need?
 - ☐ Is this the "Cadillac" version of what I really need?
 - ☐ Does it pass the prudent person test?
 - ☐ Is the proposed cost item necessary?
 - ☐ Is it needed for the proper and efficient performance of the grant program?
 - ☐ Does it address program-specific goals and objectives?
 - ☐ Is it aligned with identified needs based on results and findings from a needs assessment?
 - ☐ Is it aligned with identified needs based on program data?

- ☐ Have you reviewed the Campus Improvement Plan and/or District Improvement Plan and Comprehensive Needs Assessment?
- ☐ Is there an educational benefit associated with the cost?
- ☐ Is it identified in your program plan?
- ☐ Is it identified in the budget and grant application?
- ☐ Do I really need this or is it just nice to have?
- ☐ Do I have the capacity to use what I am purchasing?
- ☐ Would this be a duplicative item of something we already have?
- ☐ If I were asked to defend this purchase, would I be able to?
- Is the proposed cost item allocable to the federal award?
 - ☐ Is the cost incurred specifically for the federal program?
 - ☐ Will the program benefit in proportion to the funds charged to the program?
- Does the proposed cost item conform to any limitations or exclusions set forth in the terms and conditions of the federal award?
 - ☐ Have you reviewed the NOGA, if applicable, to determine terms and conditions of the award?
- Is the proposed cost item consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the LEA?
- Is the proposed cost item accorded consistent treatment?
 - ☐ Have you determined whether it would be a direct cost or indirect cost and whether the determination for this type of cost is consistent with like costs in like circumstances?
- Will the accounting treatment of the proposed cost item conform with the generally accepted accounting principles (GAAP)?
- Will the proposed cost item be used as a match or cost-share?
- Have I reviewed the Selected Items of Cost in EDGAR?
- Are any credits being extended that should reduce the amount being allocated to the federal award?
- Do I have a system in place to adequately document the entire procurement cycle of the cost item?
- Do I have a system in place to ensure the expenditure occurs during the grant program performance period?
- Do I have a system in place to ensure that once it is purchased and received, personnel who will use the cost item are made aware of its fund source and intended purpose and beneficiaries?
- ☐ Are there any State or local rules applicable to this cost item that are more restrictive than federal rules?

VIII. Emergency / Pandemic Relief Closeout & Record Retention

The performance and obligation periods for federal pandemic relief grants (including CARES Act ESSER I, CRRSA ESSER II, and ARP ESSER III) have expired. The LEA shall implement the following closeout, compliance, and long-term record retention procedures for these emergency programs:

1. Closeout Compliance: The Business Office, in coordination with Program Administrators, shall ensure that all final obligations are liquidated within the federally mandated timeframe (typically 90 to 120 days following the end of the grant period, or as approved under any formal liquidation extensions by the Texas Education Agency). All final expenditure and performance reports must be certified and submitted via TEA's Expenditure Reporting (ER) system or other designated agency portals by the established deadlines.
2. Financial Reconciliation: The Special Revenue Accountant shall perform a final reconciliation of all general ledger accounts in Skyward to ensure that total expenditures perfectly match the final drawdown requests. Any outstanding encumbrances or unspent balances must be formally reversed and closed out in Skyward.
3. Long-Term Record Retention (2 CFR §200.334 & 34 CFR §81.31(c)): In accordance with federal guidelines and due to the heightened audit risk and extended federal clawback look-back periods (up to 5 years), Andrews ISD shall retain all records, files, and documentation related to CARES/ESSER grants for a minimum of five (5) years from the date of submission of the final expenditure report (or longer if there is an active audit, litigation, or claim involving the records). Retained documentation must include: Comprehensive Needs Assessments, grant applications, budget amendments, general ledgers, purchase orders, invoices, packing slips, timesheets, and semi-annual or monthly time and effort records (PARs).
4. Post-Closeout Property Management (2 CFR §200.313/314): Any equipment or supplies purchased with pandemic relief funds must continue to be used, tracked, and safeguarded in accordance with the district's Property Management Systems (Section III). If an item has a current fair market value (FMV) exceeding \$10,000, any future disposition or transfer is subject to federal interest rules and requires prior written approval from TEA or the federal awarding agency.

IX. LEGAL AUTHORITIES AND HELPFUL RESOURCES

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

- 📖 Education Department General Administrative Regulations (EDGAR)
 - 📖 <http://www2.ed.gov/policy/fund/reg/edgarReg/edgar.html>
- 📖 Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (2 CFR Part 200)
 - 📖 <http://www.ecfr.gov/cgi-bin/text-idx?SID=ccccf77e01c9e6d4b3a377815f411704&node=pt2.1.200&rgn=div5>
- 📖 USDE's Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (2 CFR Part 3474)
 - 📖 http://www.ecfr.gov/cgi-bin/text-idx?SID=ccccf77e01c9e6d4b3a377815f411704&tpl=/ecfrbrowse/Title02/2cfr3474_main_02.tpl
- 📖 Federal program statutes, regulations, and guidance
 - 📖 <http://www.ed.gov/>
- 📖 State regulations, rules, and policies
 - 📖 <http://www.tea.texas.gov>
- 📖 LEA regulations, rules, and policies
 - 📖 <http://pol.tasb.org/Home/Index/151>

X. APPENDICES

(Available online on the Business Office website at www.andrews.esc18.net)

Appendix A: Chart of Accounts

Appendix B: Andrews ISD Semi-Annual Personnel Certification Program

Appendix C: Sample of Personnel Activity Report (PAR)

Appendix D: TEA Substitute System of Time-and-Effort Schedule for Employees Supported by Multiple Cost Objectives

Appendix E: TEA Management Certification for Substitute System of Time-and-Effort Reporting for Local Educational Agencies

Appendix F: Internal Control Procedures

-  Contract Management
-  Purchasing
-  Vendor Management
-  Cash Management Procedures

Appendix G: Grant Management Procedures

Appendix H: State Programs-Allotments

Appendix I: Federal IDEA-B Grant Manual