CLINT INDEPENDENT SCHOOL DISTRICT

Together… We Build Tomorrow!

FEDERAL PROGRAMS POLICIES & PROCEDURES MANUAL

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

The mission of the Clint Independent School District is to prepare all students to be successful citizens. The district will work in partnership with the community and family to create opportunities for the students to maximize personal potential.

#WEARECLINTISD

Updated: September 2026

Preface

Procedures and manuals locally developed by the Clint Independent School District for administrative and operational purposes are composed and categorized by need essential to effective District governance and management policies in accordance with the laws of the Texas Education Code and the Federal Elementary and Secondary Education Act and all current amendments.

District policies are available on the District's website under the heading Board of Trustees. The specific policies that describe locally developed administrative procedures are covered under policy code BP(Legal) and BP(Local).

EDGAR procedures locally developed by the Clint Independent School District consist of the following documents:

- Federal Grant Policies and Procedures Manual
- Federal Grant Time and Effort Certification Guidelines and Procedures
- Federal and Local Travel Guidelines and Procedures
- District policies – Legal, Local and Regulations

Together these documents detail the operating procedures and activities to administer, manage, report and monitor federal awarded grants. All Federal Grant documents and policies listed above should be reviewed periodically. Time and Effort Certification and Travel Guidelines have been separated to place emphasis on those areas.

As required by updates to 2 CFR Part 200: Uniform Grant Guidance Administrative Requirements, EDGAR or changes in local policies, these procedures will be updated and reviewed for approval by the Superintendent's cabinet.

A locally administered financial and inventory system is maintained by the Clint Independent School District to account for all financial, human resources, payroll, student accounting, fixed assets, inventory and trouble ticket functions. The District has chosen various products to facilitate these operational needs. These systems are maintained and updated as new features or technical updates are required.

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Introduction

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

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

Waste, Fraud, and Abuse

To ensure the public receives the most value, the District strives to ensure its administrative management of public, state and federal 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 District's financial transactions shall act with integrity and diligence in duties involving the District's financial resources.

The District 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 District.

Fraud and financial impropriety includes, but is not limited to:

- Forgery or unauthorized alteration of any document or account belonging to the District;
- Forgery or unauthorized alteration of a check, bank draft, or any other financial document;
- Misappropriation of funds, securities, supplies, or other District assets, including employee time;
- Impropriety in the handling of money or reporting of District financial transactions;

- Profiteering as a result of insider knowledge of District information or activities;
- Unauthorized disclosure of confidential or proprietary information to outside parties;
- Unauthorized disclosure of investment activities engaged in or contemplated by the District;
- Accepting or seeking anything of material value from contractors, vendors, or other persons
- providing services or materials to the District;
- 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 District.

Any person who suspects fraud or financial impropriety shall report the suspicions immediately to any supervisor, the Superintendent or designee, the Board President, or local law enforcement.

The District has provided a fraud/abuse hotline at 915-926-4160 or web form at https://www.clintweb.net/domain/62 as reporting options. The hotline and web form are not intended for grievances or other personal issues. Reporting must be made in good faith. Employees who knowingly make false allegations shall be subject to administrative action as described in CAA (Local Policy) and CAA (Regulation).

Effective Date

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

The District has elected to implement the approved procurement grace period, the policies and procedures in this document shall be fully implemented no later than July 1, 2017.

Therefore, for formula grants administered by the Texas Education Agency (TEA), the policies and procedures in this document are in effect beginning July 1, 2017, in conjunction with the formula grant period that began on July 1, 2017. These policies and procedures will also be in effect for any new discretionary grants administered by TEA that begin on or after July 1, 2017.

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

document are in effect beginning with the year that significant changes were in effect.

In all cases, the Notice of Grant Award (NOGA) from TEA or the Grant Award Notification (GAN) from another awarding agency will specify which set of rules is in effect for that particular grant. If the grant award specifies that grantees must comply with 2 CFR Part 200 or with the requirements in EDGAR, then the policies and procedures contained in this manual must be followed.	Effective Date of These Policies and Procedures July 1, 2015
Formula grants administered by TEA that begin on or after July 1, 2015	July 1, 2015
Discretionary grants administered by TEA that begin on or after July 1, 2015	July 1, 2015
Multi-year discretionary grants that began prior to July 1, 2015	Follow the policies and procedures that were in effect prior to these unless there are significant changes to the discretionary grant, at which time the policies and procedures in this document will take effect.
Updated revisions from Federal Register: Guidance for Grants and Agreements August 13, 2020	These revisions to the guidance are effective November 12, 2020, except for the amendments to §§200.216 and 200.340, which are effective on August 13, 2020.
TEA Grants Division Guidance	Sections 200.216 and 200.340 effective August 13, 2020. All other sections effective with new grant awards on or after November 12, 2020

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

Scope

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

Monitoring for Compliance and Consequences for Non-compliance

The District is responsible for complying with all requirements of each federal award (2 CFR 200.300[b]). Compliance with these policies and procedures is monitored by the District. The District will implement internal controls to monitor and assess compliance and will recommend corrective action as necessary. Failure of a District employee to comply with any of these requirements may result in disciplinary action, up to and including termination.

Definitions

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

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

Two terms used frequently in 2 CFR Part 200 are "state-administered grants" and "direct grants." "State-administered grants" are those grants that pass through a state agency (i.e., a pass-through agency) such as TEA. The majority of grants the District receives are state-administered grants. Both TEA and the subgrantees must comply with the requirements in 34 CFR Part 76 in addition to the requirements in 2 CFR Part 200.

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

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

*For this publication, the position of Chief Financial Officer is interchangeable with Executive Director of Business Services.

Education Department General Administrative Regulations (EDGAR)

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

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

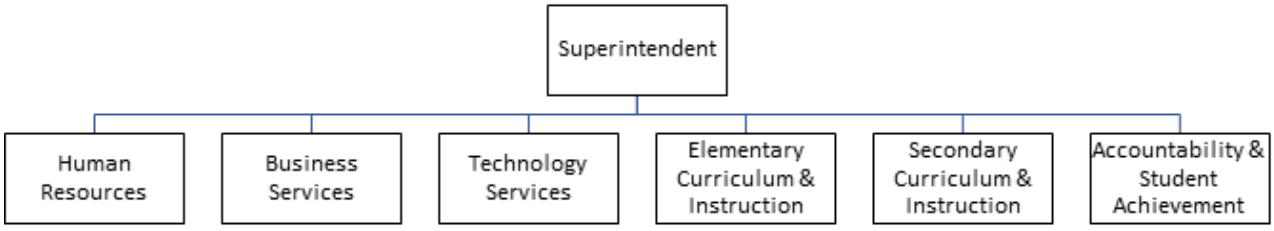
For grants that were awarded prior to December 26, 2014, the regulations in 34 CFR Parts 74 and 80 still apply. Grantees must maintain access to those parts as long as those grants are in effect and for five years after the ending date of the grant.

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

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

Organization of District

The District is organized into the following departments and divisions. The District website contains detailed and specific organizational charts for each department. Each organizational chart lists the current employee name assigned to each area.



Federal Grant Application Process

TEA Grants

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

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

Request for Application (RFA)

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

The process an applicant must follow to apply for funds is different for eGrants than for paper applications. Applicants can find detailed information about individual grants by selecting a grant from the Application Name dropdown list on the TEA Grant Opportunities page. For each

individual grant available, the following information is displayed:

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

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

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

- General Provisions and Assurances: Required for every TEA grant agreement
- Debarment and Suspension: Required for all federal grants, regardless of dollar amount
- Lobbying Certification: Required for all federal grants greater than $100,000
- Elementary and Secondary Schools Act (ESSA): : Required for all programs funded under the Elementary and Secondary Education Act of 1965, as amended by Public Law 107-110, Every Student Succeeds Act (ESSA) of 2015 Act of 2001

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

higher education (IHEs, i.e., colleges and universities).

Submitting Complete Applications on Time

It is equally important that federal grant applications be prepared and submitted on time. For formula grants administered by TEA that usually begin July 1, the District cannot obligate funds and begin grant activities until the District submits the application to TEA in substantially approvable form. In order to prevent unnecessary delays in program implementation and the provision of services to students, it is the policy of the District that all formula grant applications will be submitted as soon as possible but no later than June 30 unless a later grant beginning date is published by TEA. TEA will process the applications in the order received.

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

Authorized Official

The person signing/certifying the application must be an authorized official of the District who will represent the District in the event of a legal dispute. The Chief Financial Officer (CFO) or the Assistant Superintendent of Instructional Services are the authorized officials for this District. By signing/certifying the application, the authorized official is certifying that he or she will comply with the terms and conditions of the grant, all applicable provisions and assurances, and the approved application. The signed/certified application submitted to TEA, and the NOGA issued by TEA, together constitute a legally binding contractual agreement between the District and TEA. Campus principals do not have the authority to submit a grant application.

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

The District program manager or grant manager, assigned to the grant program is responsible for supporting the program's intent and held accountable for knowing the program requirements,

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

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

Other Federal Grants

The assigned program manager is responsible for monitoring grant opportunities that may be available from agencies other than TEA. Approval from the Chief Financial Officer or the Assistant Superintendent of Instructional Services to pursue the grant opportunity must be obtained in advance of completing and submitting the application. An authorized official of the District (as previously described) must sign/certify the application prior to submission.

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

Financial Management System

Overview

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

The District maintains a proper financial management system in order to receive both direct and state-administered grants and to expend funds associated with a grant award. Certain fiscal controls and procedures are in place to ensure that all federal financial management system requirements are met. Failure by the District to meet a requirement may result in return of funds or termination of the award. 2 CFR § 200.340

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

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

Texas Law and Rule

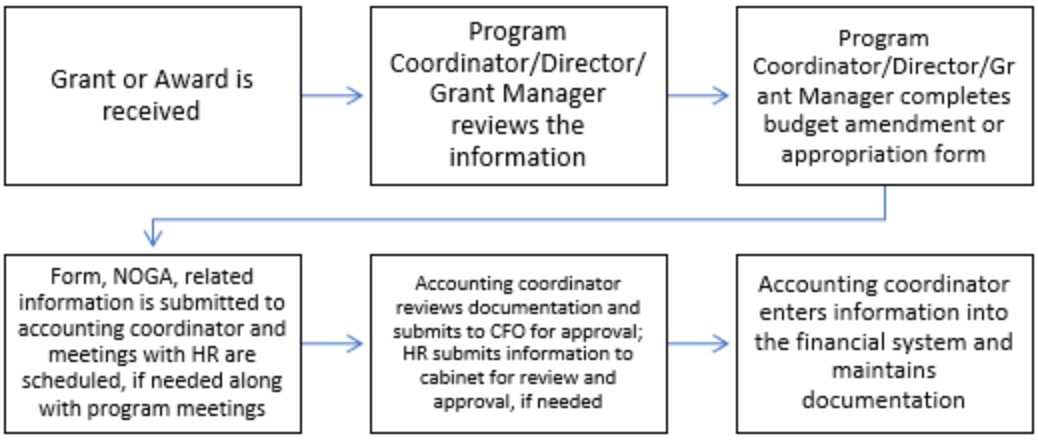
TEC, Section 44.007 requires the State Board of Education (SBOE) to establish a mandatory fiscal accounting system with which all school Districts, ESCs, and open-enrollment charter schools in Texas must comply. TEC further requires each school District and open-enrollment charter school to adopt and install a standard accounting system that conforms to generally accepted accounting principles (GAAP) and that meets the minimum requirements prescribed by the commissioner of education. It also requires these entities to maintain records of all revenues and expenditures.

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

Financial Management Standards

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

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



The District complies with the required federal standards for financial management systems by complying with the minimum budgeting, accounting, auditing, and reporting requirements established in TEA's Financial Accounting and Reporting (FAR) Module 1 of the FASRG. Based on generally accepted accounting principles, FAR details a mandatory account code structure which all school Districts, ESCs, and open-enrollment charter schools must use in accounting for all funds received and expended, including state and local funds and federal grant funds.

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

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

Each accounting transaction recorded in the general ledger must begin with the 3-digit fund code (net asset code for nonprofit open-enrollment charter schools). For example, the 3-digit fund code for Title I, Part A is 211. The budget and all revenues and expenditures for Title I, Part A must be recorded in the accounting records using this specific fund code.
Additionally, 2 CFR § 76.760(b) authorizes grantees to use more than one program to support an activity if the grantee has an accounting system that permits the identification of costs paid for under each program. The fund accounting system in FAR accommodates this requirement.

Identification of All Federal Awards

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

Recurring grants may be budgeted through the annual budget process. The District annual budget process is electronic and is reviewed and receives approval by all the above staff members prior to entry. Projected allocations are used and prepared by the Chief Financial Officer in coordination with the appropriate Program Coordinator/Director. Upon receipt of the approved grant or award (NOGA) the projected allocations are reviewed and adjusted, as described on the above flowchart.

Financial Reporting

Accountability is the paramount objective of financial reporting. Accurate, current, and complete disclosure of the financial results of each federal award or program is made in accordance with the financial reporting requirements set forth in 2 CFR § 200.327-.328 and in EDGAR. The District collects and reports financial information with the frequency required in the terms and conditions of the award and monitors its activities under federal awards to assure compliance with applicable federal requirements.

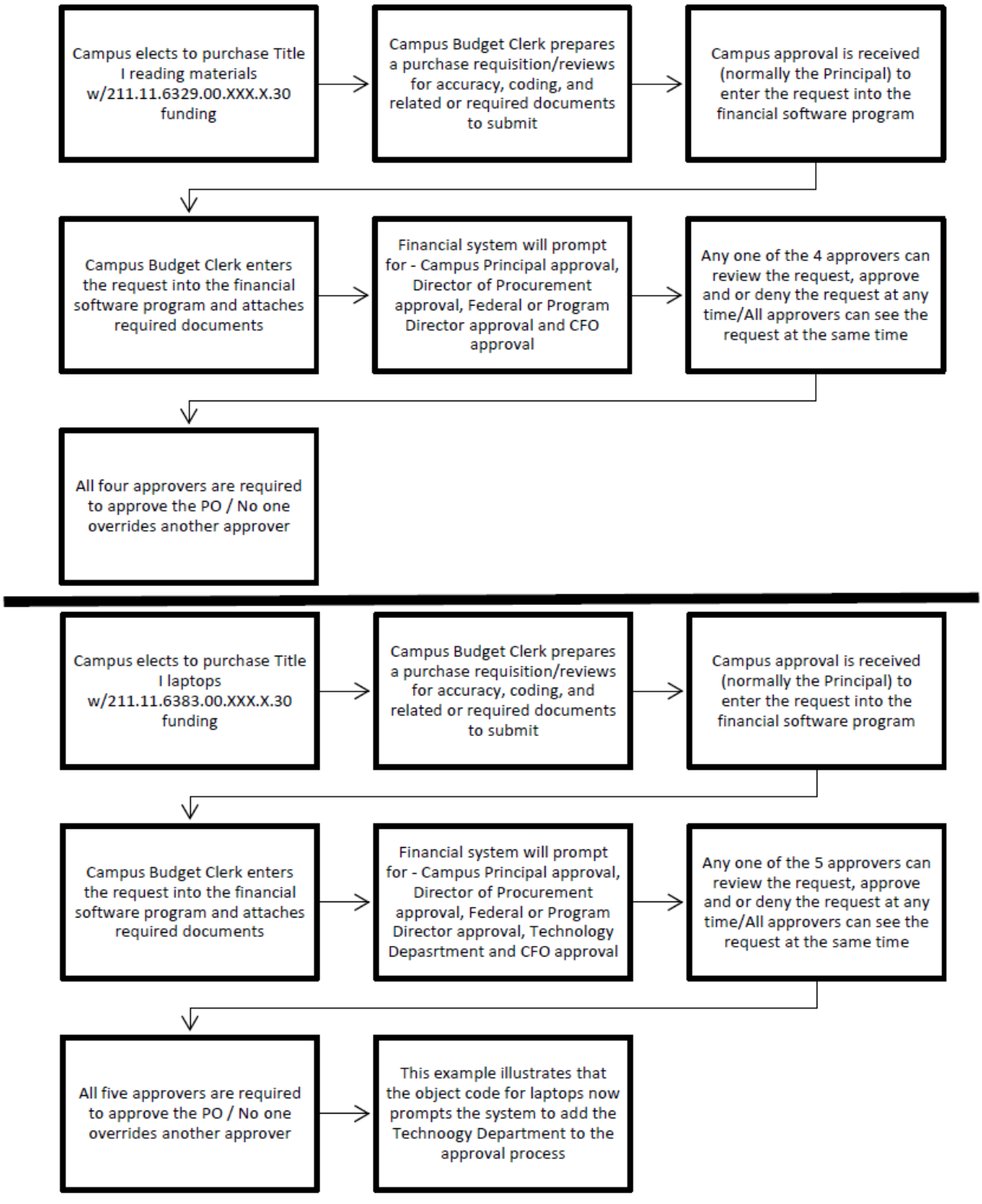
Accounting Records

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

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

The District uses the minimum 15-digit account code structure mandated in FAR to record all revenues, encumbrances, and expenditures. The District financial system does not allow an account number to be entered unless it meets the 15-digit minimum. The Accounting Coordinator and the Chief Financial Officer have access to enter these codes. The account code structure is reviewed as needed and at least annually. Additionally, annual PEIMS submissions may trigger any inaccurate codes.

Purchase orders are reviewed for code structure prior to approval. The District financial system has been set up to prompt electronic approval by the grant or award Coordinator/Director/Grant Manager. The Chief Financial Officer reviews all purchase orders. The Director of Procurement also reviews all purchase orders. The District has an elaborate and detailed purchase order approval process. Fund, functions, object, sub-object, and program intent code prompt approval as related to the transaction. Two examples are below.


Campus elects to purchase Title I reading materials w/211.11.6329.00.XXX.X.30 funding
Campus Budget Clerk prepares a purchase requisition/reviews for accuracy, coding, and related or required documents to submit
Campus approval is received (normally the Principal) to enter the request into the financial software program
Campus Budget Clerk enters the request into the financial software program and attaches required documents
Financial system will prompt for - Campus Principal approval, Director of Procurement approval, Federal or Program Director approval and CFO approval
Any one of the 4 approvers can review the request, approve and or deny the request at any time/All approvers can see the request at the same time
All four approvers are required to approve the PO / No one overrides another approver
Campus elects to purchase Title I laptops w/211.11.6383.00.XXX.X.30 funding
Campus Budget Clerk prepares a purchase requisition/reviews for accuracy, coding, and related or required documents to submit
Campus approval is received (normally the Principal) to enter the request into the financial software program
Campus Budget Clerk enters the request into the financial software program and attaches required documents
Financial system will prompt for - Campus Principal approval, Director of Procurement approval, Federal or Program Director approval, Technology Depasrtment and CFO approval
Any one of the 5 approvers can review the request, approve and or deny the request at any time/All approvers can see the request at the same time
All five approvers are required to approve the PO / No one overrides another approver
This example illustrates that the object code for laptops now prompts the system to add the Technoogy Department to the approval process

Internal Controls

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

Internal controls are tools (i.e., policies, procedures, best practices, and activities) to help program and financial managers achieve results and safeguard the integrity of their program. The District's internal controls are in compliance with guidance, and required procedures and policies, which may include the following:

- A commitment to integrity and ethical values
- Independent oversight over the development and performance of internal controls
- Clearly defined organizational structure, clear reporting lines, and appropriate authorities
- A commitment to attract, develop, and retain competent individuals, and
- Maintaining a level of competence that allows personnel to accomplish their assigned duties and holding individuals accountable

In accordance with 2 CFR § 200.303, internal controls means a process implemented by the District to provide reasonable assurance regarding the achievement of objectives in the following categories:

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

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

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

To accomplish these objectives, the District:

- develops and maintains policies, procedures, and effective practices to ensure federal funds are properly administered and spent and federal property is safeguarded against loss and from unauthorized use or disposition. The District also ensures all employees who deal with federal funds are aware of the policies and procedures and are properly trained in the use of them. The District subscribes to many organizations that assist with disseminating and provide information and training such as the Texas Association of School Boards (TASB), the Texas Association of School Business Officials (TASBO), the Legislative Pipeline, the Equity Center and Region 20's Financial Organizational Review & Compliance (FOR-C), along with regular review and correspondence received from TEA and the USDE
- ensures employees comply by regularly and frequently evaluating and monitoring their compliance with the policies and procedures, statutes, regulations, and the terms and conditions of awards during regular meetings and annual evaluations
- takes prompt action when instances of noncompliance are identified, including noncompliance identified in audit findings, and taking the appropriate disciplinary action for employees who do not comply, and
- takes reasonable measures to safeguard protected personally identifiable information and other information designated as sensitive consistent with applicable federal, state, and local laws regarding privacy and obligations of confidentiality by assigning staff and student identification (ID) numbers.

The District uses the following, at least in part, to determine if internal controls are effective:

- Only valid or authorized transactions are processed through an automated and tracked purchase order approval process.
- Transactions occurred during the grant period and were processed timely by program administrators.
- No proper transactions were omitted from the accounting records through annual accounting reviews and audits.
- Transactions are calculated using an appropriate methodology as maintained through the District financial system.
- Transactions appear reasonable relative to other data as reviewed and approved through the purchase order process.
- Property (including supplies and equipment) is tracked, monitored, and used only for authorized purposes as reviewed and documented by the Federal Programs Department or assigned program Coordinator or Director.
- Property is properly disposed of by the Procurement Department.

Specifically, the Federal Programs Department monitors compliance through the use of an electronic system called, Title I Crate. Meetings are held with each campus to explain compliance measures and responsibilities. Title I Crate addresses activities as follows. Each section contains a completion date and an area to maintain documentation as activities are completed.

A. Schoolwide Plan for Title I Campuses
    a. Professional development
    b. Tutoring
B. Parent and Family Engagement Activities
C. Program Implementation for:
    a. Title I, Part A
    b. Title II, Part A
    c. Title III, Part A
    d. Title IV, Part A
    e. SPED, IDEA Part B
    f. Perkins V
    g. Other grants as awarded
D. Highly mobile and At-Risk Populations (Homeless)
E. Migrant Education Program
F. Child Nutrition Department
G. Other categories as needed

Documentation required for compliance of federally funded meetings, activities, and professional development are:

- Agendas with date, time, and location
- Dated meeting minutes with summary
- Sign-in Sheets (name, role, signature) to include title of meeting, date, time and location

Title I Crate is managed and maintained by the Department of Federal Programs. Title I Crate contains current year information and is verified for accurate compliance documentation.

The Federal Programs Staff, in conjunction with the Director of Federal Programs, shall conduct monthly reviews of required documentation on Title I Crate. During each review, monthly compliance items are verified and any items that are denied or need action is shared with the campus principal. Findings are also reported to the Director of Federal Programs. If corrections are not completed and uploaded in the requested timeline, corrective action will be required and will be reported to the principal's supervisor.

The Federal Programs Staff, in conjunction with the Director of Federal Programs, may also

conduct biannual, or more frequently if needed, review and verification of federally funded assets (devices or equipment), as well as federally funded personnel. If a device is not on the campus during an observation, spot check, or audit, the campus principal will be notified to address the finding and request corrective action. A follow-up visit may be completed to verify the item(s) are in the instructional setting. If after the 2nd follow-up visit the item is not located, a formal written report will be submitted to the principal's supervisor and human resources to be filed in their personnel file. A report of findings is shared with the campus principal and Director of Federal Programs.

The process for all grant funded activities begins with evaluating the grant application and program guidelines, along with program assurances and any federal or state required mandates. Program directors or assigned coordinators compile all reports and documentation to develop the grant application. All projected grant activities are verified with the grant guidelines for compliance and allowable expenditures. The grant activities are reviewed with the appropriate campus or district personnel prior to submission. All grants are monitored frequently during the year.

The SPED IDEA-B grant is monitored as follows: Any staff positions approved in the grant are verified with assigned job descriptions. As new staff members are hired, the grant funded positions are monitored by the Director of Special Education through the issuance of a Personnel Action Form (PAF). The PAF denotes the funding code and the start and end date of all staff members. This grant requires that each allowable position be specifically added to the grant, therefore employee position control reports are reviewed monthly. Each semester, these reports are cross-referenced to ensure Time and Effort Certification documentation may be obtained from all federally funded staff members. Any other expenditures with funds from the SPED IDEA-B grant would follow the District's purchasing workflow. In this workflow, any purchase requisition would need to be approved by the Director of Special Education in the District financial system. At the end of the current year grant cycle, all SPED IDEA-B grant fund expenditures are reviewed thoroughly to support the following year's grant application.

The Perkins V grant is monitored by the coordinator of the District's Career and Technical Education (CTE) program and monitored as follows: All campus directed grant activities and expenditures are verified and approved prior to the grant submission. All grant expenditures from the Perkins V grant follow the District's purchasing workflow. In this workflow, any purchase requisition with grant funds would need to be approved by the CTE coordinator in the District financial system. To ensure that the grant is spent in a timely manner, the CTE Coordinator obtains a monthly report from the District's financial system. Meetings are scheduled with the campus administration as needed, to review the grant activities and to ensure that all grant funds are spent in a timely and appropriate manner. During these meetings, the campus administration may share campus needs that may require an amendment to the grant. If an amendment is

required, the CTE Coordinator will verify the changes are allowable and meet with the appropriate personnel for final approval of the amendment. At the end of the current year grant cycle, all Perkins V grant fund expenditures are reviewed thoroughly to ensure all grant funds are spent and to support the following year's grant application.

Grants issued directly to LEA's or as pass-through the Texas Education Agency as part of federal legislation such as The American Rescue Plan (ARP), the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), The Coronavirus Aid, Relief and Economic Security Act (CARES), and GAA, Article IX, Section 18.15, TCLAS, 87th Texas Legislature, will be monitored by the assigned program personnel. Each grant coordinator will ensure directed grant activities and expenditures are verified and approved prior to the grant submission. All grant expenditures will follow the District's purchasing workflow. In this workflow, any purchase requisition with grant funds would need to be approved by the respective grant coordinator in the District financial system. The grant activities are reviewed with the appropriate campus or district personnel prior to submission. All grants are monitored frequently during the year. At the end of each grant year cycle, all grant fund expenditures will be reviewed thoroughly to ensure all grant funds are spent accordingly.

Budget Control

The budget for each federal award is recorded in the general ledger in accordance with FAR using the designated 3-digit fund code. Obligations/encumbrances and expenditures are also recorded in the general ledger for each federal award. On a regular basis, the District compares actual expenditures or outlays with budgeted amounts for each federal award. As described above in the Accounting Records section, the District financial system is utilized to accomplish budget control along with regular review by campus and department heads, which may be as regular as weekly, but always monthly. The system does not allow a purchase order to be entered without funds being available. Only the Chief Financial Officer may allow a purchase order to be processed without available funds. If this is done, the system tracks the transaction and the information is presented in any report issued. The assigned Coordinator or Director reviews budget reports and the District Accounting Coordinator and/or Chief Financial Officer reconcile and review all budgets monthly.

Cash Management

The District maintains written procedures to implement the cash management requirements found in 2 CFR § 200.305 and in EDGAR. Please see Financial Management System, Federal Cash Management Policy/Procedures of this document for these written cash management procedures.

Allowable Costs

The District maintains written procedures for determining allowability of costs in accordance with 2 CFR § 200.302(b)(7) and EDGAR. Please see Financial Management System, Expending Grant Funds of this document for the written procedures for determining allowability of costs.

Matching Costs

Prior to submitting an application for grant fund programs, which require a matching cost amount from the District shall be approved by the Chief Financial Officer. The District shall abide by the grant program guidelines in maintaining compliance and submitting compliance documentation where matching costs are required as part of the grant award. Grants awarded to the District for cost matching purposes will follow the internal controls listed in this manual and maintain compliance documentation outlined herein.

Budgeting Grant Funds

Before Developing the Grant Budget and Submitting the Application

The grant budget must be based on the proposed activities planned and described in the grant application. Prior to developing the budget, the program Coordinator/Director/Grant Manager must know the intent of the federal program and the activities that are allowable to be conducted with grant funds as indicated on the District/Campus Needs Assessment and the District/Campus Improvement Plans. The program Coordinator/Director/Grant Manager must coordinate with other District staff as appropriate to review district/campus needs, as well as review relative data to determine the goals and objectives for the program and the activities that will be implemented to accomplish the goals and objectives. Once the goals, objectives, strategies, and activities are outlined, then the budget to carry out the identified strategies and activities should be developed.

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

If the grant program will be implemented on a Title I schoolwide campus, the planned activities

and expenditures must be identified in the schoolwide plan. Conducting activities and expending funds that are not included in the schoolwide plan could result in an audit exception or monitoring finding for the District.

Reviewing and Approving the Budget Prior to Submitting the Application

By early July, the program Coordinator/Director/Grant Manager reviews the items in the proposed budget to ensure budgeted items are listed in the correct class/object code according to FAR and the District's classification chart and to ensure the items are allowable. The budget is also reviewed to ensure that any costs requiring specific or prior approval are specifically identified and listed.

If the program Coordinator or Director determines that a cost is not allowable, then he or she will discuss the item with the campus or department who made the request. The item will either be removed or modified to meet grant intent. The District Accounting Coordinator and the Chief Financial Officer assist with assuring the account code structure is correct.

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

Negotiating the Submitted Application

Once the grant application is submitted to the awarding agency, the designated program contact, usually the program Coordinator/Director/Grant Manager assigned to the grant program, is available via phone and/or e-mail in the event that the awarding agency needs to contact the District to negotiate the application or to ask questions or seek clarification related to the proposed program and/or budget. The assigned program Coordinator/Director/Grant Manager will seek guidance, if needed, from appropriate District personnel and will respond to any inquiries from the awarding agency within a reasonable time frame and normally will not exceed 48 hours. A delay in contacting the awarding agency delays final approval of the grant application, which delays grant program implementation and providing services to intended beneficiaries of the grant.

After Receiving the Approved Application and NOGA/GAN

Within a reasonable time frame, and normally no longer than 24 hours of receiving the approved application and NOGA/GAN from the awarding agency, a complete copy of the application and NOGA/GAN will be provided to the responsible parties and the Business Services Department. All grant budgets are entered into the accounts of the District in the general ledger as approved in

the application.

Amending the Application

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

Timely Obligation of Funds

When Obligations are Made or Encumbered

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

All obligations for all goods and services must occur during the grant period (i.e., between the beginning and ending dates as stated on the NOGA), and those goods and services must be delivered during the period of availability in sufficient time to provide substantial benefit to the grant to be considered necessary to carry out the objectives of the grant. 34 CFR § 200.1

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

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

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

34 CFR § 75.707; 34 CFR § 76.707.

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

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

Period of Availability of Federal Funds

All obligations must occur on or between the beginning and ending dates of the grant project. 34 CFR § 76.707. This period of time is known as the period of availability. The period of availability, or the period between the beginning and ending dates of the grant, are dictated by statute and will be indicated on TEA's NOGA or other awarding agency's GAN. Further, certain grants have specific requirements for carryover funds that must be adhered to. The awarding agency or pass-through entity may approve a modification to the period of performance, which may include multiple budget periods.

Federal education formula grant funds are typically awarded on July 1 of each year. While funds

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

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

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

Liquidation of Obligations

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

2 CFR 200.472 Termination and standard closeout costs added a section of flexibility that allows for administrative closeout costs to be charged to the grant being closed:

1. may be incurred until the due date of the final report,
2. liquidated prior to the due date of the final report, and
3. charged to the final budget period of the award

Any funds not obligated within the period of availability or not liquidated within the appropriate time frame are said to lapse and must be returned to the awarding agency. 2 CFR §200.344(d). Lapsing of funds is usually considered by TEA to be an indicator of poor planning and may cause the District to be identified as high risk. Consequently, the District closely monitors grant spending throughout the grant cycle.

Obligated or encumbered funds are reviewed from an outstanding encumbrance report. Any encumbrances identified that will not meet the timelines of the grant, will be closed. This is determined by discussing the encumbrance with the campus or department head and a final recommendation is made by the program Coordinator or Director to the Chief Financial Officer to

close the encumbrance.

Carryover & Period of Performance

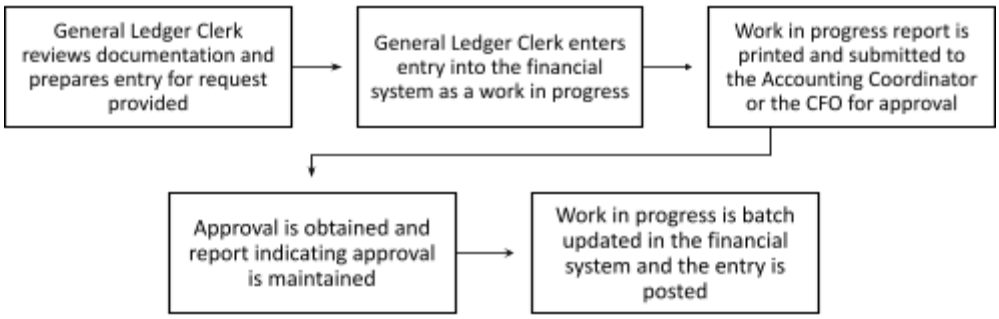
Grantees receiving direct grants are not covered by the 12-month Tydings period. However, under 2 CFR §200.308, direct grantees enjoy unique authority to expand the period of availability of federal funds. The District is authorized to extend a direct grant automatically for one 12-month period. Prior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

If a Federal awarding agency or pass-through entity approves an extension, or if a recipient extends under §200.308(e)(2), the Period of Performance will be amended to end at the completion of the extension. If a termination occurs, the Period of Performance will be amended to end upon the effective date of termination. If a renewal award is issued, a distinct Period of Performance will begin per §200.309. Period of Performance is defined as total estimated time between the start of an initial award and the planned end date, which may include multiple budget periods. CFR §200.1 TEA can now approve no-cost extensions to discretionary grants without carryover.

Accounting Records

The Business Services Department is responsible for maintaining the official accounting records of the District. All grant budgets are entered into the accounts of the District in the general ledger. Funds are accounted for and records are kept in accordance with the requirements in TEA's FAR. The chart of accounts provided in FAR provides the framework for the accounting system, and the District uses the accounting terminology specified in FAR and generally accepted accounting principles (GAAP).

One-time and recurring adjusting journal entries (AJE) are made when required. In most cases, the General Ledger Clerk prepares the entry, by entering it into the system as a work in progress, and prints the work in progress report for approval. Approval is obtained from the Accounting Coordinator or the Chief Financial Officer. Upon approval, the entry is batch updated in the system and this posts the entry. In some cases, the entry is made by the Accounting Coordinator and submitted to the Chief Financial Officer. Documentation is maintained for all entries. The District financial system tracks all entries in the system. They can be viewed electronically as well. See flowchart below.



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

If electronic source documentation is maintained, the District ensures the documentation is easily retrievable and is readable in accordance with the requirements in 2 CFR § 200.335.

Documentation Associated With Using District Credit Cards

Purchases made with credit cards or procurement cards must be closely controlled and monitored to prevent fraud, waste, and abuse. The appropriate and corresponding entries must be made in the general ledger as with any other individual purchase. Purchases utilizing District-issued credit cards are not allowable for federally funded purchases by individuals. The District does utilize a District credit card to secure travel arrangements such as overnight stay accommodations, air fare, and rental vehicles are direct bill accounts. The billing is issued directly to the District. The bill is reconciled against the credit card billing for accuracy and then paid. Approval for payment is reviewed and approved by the Chief Financial Officer. In addition, all credit card expenditures are reviewed by the Cabinet, as a whole, each month.

The District must also maintain all other appropriate internal accounting records, such as travel vouchers, purchase orders, etc., related to the credit card purchase.

The classification of costs by funding source and expense type and the maintenance of adequate original source documentation are necessary for reporting purposes to TEA or other awarding agencies. It is also necessary to demonstrate compliance with state and federal cost principles, standards of financial management systems, and conformance with GAAP. Lastly, it is a requirement of the Internal Revenue Code applicable to all business entities.

Per TEA, any rebates on a District-issued purchase card will be credited to the original funding source(s) for which the card is used to make purchases. The District does not receive rebates on

credit cards used.

Expending Grant Funds

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

Direct and Indirect Costs

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 benefited, without effort disproportionate to the results achieved. 2 CFR § 200.1Costs incurred for the same purpose in like circumstances must be treated consistently as either direct costs or indirect costs. 2 CFR § 200.413(a). Indirect costs usually support areas that benefit all activities of the District, such as Accounting, Budget, Human Resources, Purchasing, Building Maintenance, etc.

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

Identification with the federal award, rather than the nature of the goods and services involved, is the determining factor in distinguishing direct from indirect costs of federal awards. Typical costs charged directly to a federal award are the compensation of employees who conduct program activities for that award, their related fringe benefit costs, and the costs of materials and other items of expense incurred to carry out the objectives of the federal award. 2 CFR §200.413(b).

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

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

Indirect Cost Rate

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

Two indirect cost rates are approved by TEA and are used by the District. The restricted rate is used for federal grants containing the supplement, not supplant requirement (34 CFR §§ 76.563 and .564). The unrestricted rate may be used for federal grants that do not contain the supplement, not supplant requirement. The Chief Financial Officer compiles the report submitted to TEA to obtain the District rates.

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

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

The modified total direct cost (MTDC) threshold for use in determining your indirect cost rate for grants has increased from $25,000 to $50,000. The LEA may now claim indirect costs on the first $50,000 of each subcontract funded with grant funds rather than the lower amount.

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

The District Accounting Coordinator prepares and adjusts the requested indirect rate amount and it is approved by the Chief Financial Officer prior to submission.

Determining Allowability of Costs

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

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

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

Factors Affecting Allowability of Costs

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

Necessary and Reasonable for the performance of the federal award. *Reasonable Costs*: A cost is *reasonable* if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision to incur the cost was made. "Reasonable" means that sound business practices were followed, and purchases were comparable to current market prices.

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

- Prudence was used in making the decision to incur the cost, considering the person's responsibilities to the District, its employees, the public, and the federal government.
- It is necessary to carry out the objectives of the grant program or is recognized as an ordinary cost to operate the organization.

- The District applied sound business practices; arm's-length bargaining (i.e., the transaction was with an unrelated third party); federal, state, and other laws and regulations; and the terms and conditions of the award in making the decision.
- The price is comparable to that of the current fair market value for equivalent goods or services.
- there were no significant deviations from the established practices of the organization which may unjustifiably increase the cost. 2 CFR § 200.404.

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

A key aspect in determining whether a cost is *necessary* is whether the District can demonstrate that the cost addresses an existing need and can prove it. For example, the District may deem a language skills software program necessary for a limited English proficiency program.

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

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

Allocable to the federal award. A cost is *allocable* to the federal award if the goods or services involved are *chargeable* or *assignable* to the federal award *in accordance with the relative benefits received.* This means that the federal grant program derived a benefit in proportion to the funds charged to the program. 2 CFR § 200.405. For example, if 50% of a supplementary teacher's salary is paid with grant funds, then that teacher must spend at least 50% of his or her time on the grant program. Additionally, if equipment or supplies purchased with grant funds benefits more than one grant program, the purchase must be "split-funded" among the grant programs receiving benefit. The District must be able to demonstrate how a particular cost benefits the specific population being served in the grant. This is an area of frequent audit

exceptions.

Consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the District. For example, personnel whose travel is paid with federal funds is reimbursed at the same rates as personnel whose travel is paid with state or local funds, and the grant is charged accordingly.

Conform to any limitations or exclusions set forth as cost principles in 2 CFR Part 200, Subpart E, or in the terms and conditions of the federal award.

Consistent treatment. A cost cannot be assigned to a federal award as a *direct* cost if any other cost incurred for the same purpose in like circumstances has been assigned as an *indirect* cost under another award.

Adequately documented. All expenditures must be properly documented with original source documentation that is clearly written and maintained on file (either electronically or on paper) with accounting records. Documentation includes purchase orders/requisitions, invoices, receipts, verification of receipt of goods and services, travel authorizations and vouchers, contracts, time-and-effort records, copies of checks, bank statements, etc. Expenditures that are not supported by source documentation cannot be charged to the grant.

Determined in accordance with generally accepted accounting principles (GAAP), unless provided otherwise in 2 CFR Part 200.

Not included as a match or cost-share of another federal program, unless the specific federal program authorizes federal costs to be treated as such. Some federal program statutes require the grantee to contribute a certain amount of non-federal resources to be eligible for the federal program.

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

Any miles, points, credits, or awards accrued or earned for employee travel using a District-issued

credit card (where the credit card bill is paid directly by the District) are the property of the District and will be used for employees traveling on behalf of the District to reduce the overall cost to the District. Any such miles, points, credits, or awards accrued will not be used for personal travel.

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

Requesting Prior Written Approval

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

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

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

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

2 CFR Part 200, Subpart E, examines the allowability of 55 specific cost items (commonly referred to as Selected Items of Cost) at 2 CFR §§ 200.420-.476. These cost items are listed in the chart below and may not be all inclusive. It is not assumed that an item is allowable because it is specifically listed, as it may be unallowable despite its inclusion in the selected items of cost section, or it may be allowable only under certain conditions, including prior written approval.

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

Item of Cost
Advertising and public relations costs
Advisory councils
Alcoholic beverages
Alumni/ae activities
Audit services
Bad debts
Bonding costs
Collection of improper payments
Commencement and convocation costs
Compensation – personal services
Compensation – fringe benefits
Conferences
Contingency provisions
Contributions and donations
Defense and prosecution of criminal and civil proceedings, claims, appeals and patent infringements
Depreciation
Employee health and welfare costs
Entertainment costs
Equipment and other capital expenditures
Exchange rates
Fines, penalties, damages and other settlements
Fundraising and investment management costs
Gains and losses on disposition of depreciable assets
General costs of government
Goods and services for personal use
Idle facilities and idle capacity
Insurance and indemnification
Intellectual property

Interest
Lobbying
Losses on other awards or contracts
Maintenance and repair costs
Materials and supplies costs, including costs of computing devices
Memberships, subscriptions, and professional activity costs
Organization costs
Participant support costs
Plant and security costs
Pre-award costs
Professional services costs
Proposal costs
Publication and printing costs
Rearrangement and reconversion costs
Recruiting costs (unless allowable in the specific grant)
Relocation costs of employees
Rental costs of real property and equipment
Scholarships and student aid costs
Selling and marketing costs
Specialized service facilities
Student activity costs
Taxes (including Value Added Tax)
Telecommunication costs and video surveillance costs
Termination costs
Training and education costs
Transportation costs
Travel costs
Trustees

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

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

program regulations, non-regulatory guidance, and grant award notifications.

Most federal programs also contain the supplement, not supplant requirements. In general, this means that the District cannot use federal grant funds to pay for a cost or activity that is usually supported by state or local funds.

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

- reasonable in cost (as described above)
- necessary to accomplish the objectives of the grant program (as described above)
- based on an identified need, concern, or area of weakness within the grant program
- appropriate under the authorizing program statute
- consistent with the underlying needs of the program in that it benefits the intended population of students or teachers for which the funds are appropriated
- allocable to the grant based on the relative benefits received (as described above)
- authorized or not prohibited under state or local laws or regulations
- consistent with policies, regulations, and procedures that apply to all activities, including other grants and state and local activities
- treated consistently as either a direct cost or as an indirect cost
- determined in accordance with GAAP
- not used to meet cost sharing or matching requirements of another federal grant (unless specifically permitted in the other program statute or regulations)
- consistent with the terms and conditions of the grant award
- budgeted in the approved grant application
- adequately documented with appropriate supporting original source documentation
- the net of any applicable credits such as rebates or discounts
- allowable under the federal cost principles
- in most cases, supplemental to the core foundation program of the school and to other activities normally conducted by the school (i.e., supplement, not supplant)
- if the school is a Title I schoolwide program, the grant program's activities and applicable costs must be included in the schoolwide plan, the school must have conducted a comprehensive needs assessment, and the plan must contain the required components specified in statute (see Title I, Part A, §1114[b]).

District personnel responsible for spending federal grant funds and for determining allowability must be familiar with the Part 200 selected items of the cost section. District employees are required to follow these rules when charging these specific expenditures to a federal grant. In

addition to checking the selected items of cost in Part 200, District staff must check costs against TEA's Guidelines Related to Specific Costs, the Request for Application (RFA), local District policy, and any grant program restrictions to ensure the cost is allowable.

Costs That Require Special Attention

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

The District makes every effort to comply with these guidelines in the expenditure of federal grant funds to avoid audit exceptions. District employees engaged in federally-funded activities are required to consult this document regularly and be familiar with its contents.

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

Travel

Please see the District Travel Guidelines and Procedures document. This document may be provided in printed format and it is located on the District website under the Business Services Department. The document is an extension or part of this document. It has been separated to focus on travel.

Advertising and Public Relations Costs

Pursuant to the requirements in 2 CFR § 200.421, the costs of *advertising* are allowable only for the recruitment of grant personnel; the procurement of goods and services for the award; disposal of scrap or surplus materials acquired under the award; and program outreach. Allowable *public relations* costs are those necessary to communicate with the public and press pertaining to specific activities or accomplishments or as necessary to keep the public informed on matters of public concern. All advertising and public relations costs must be necessary for the performance of the particular award, and must *not* be for the purpose of advertising or relating to the public with regard to the District in general.

Entertainment Costs and Field Trips

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

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

Use of Federal Funds for Religion Prohibited

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

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

34 CFR § § 75.532 and 6.532

Use of Federal Funds for Construction or Major Remodeling and Renovation

Federal funds will not be used to purchase real property or for construction unless the costs are specifically permitted by the authorizing program statute or implementing regulations for the program, and the costs are properly budgeted and approved in the applicable federal grant application. 34 CFR § 76.533.

Major remodeling and renovation is defined as construction. Therefore, all of the federal requirements apply to any major remodeling or renovation paid with federal funds.

The term construction means construction, alteration, or repair (including dredging, excavating, and painting) of buildings, structures, or other real property. Minor remodeling as defined in 34 CFR Part 77.1 means "minor alterations in a previously completed building. The term also includes the extension of utility lines, such as water and electricity, from points beyond the confines of the space in which the minor remodeling is undertaken but within the confines of the previously completed building. The term does not include building construction, structural alterations to buildings, building maintenance, or repairs."

The purchase of a portable building is a capital purchase (i.e., equipment) and may be allowable under certain federal programs if necessary to carry out the objectives of the grant program, if appropriate for the circumstances, and if approved in the applicable grant application. However, preparing the site for the installation of the portable building, including ground leveling, electrical wiring, plumbing, and constructing a sidewalk and steps, is considered construction and is not

allowable from a federal grant unless the authorizing federal program statute specifically permits construction and it is approved in the grant application.

If construction and/or major remodeling and renovation are allowable and approved under a particular federal program and for an excess of $2,000, there are numerous laws and regulations with which the District must comply. The District will comply with all applicable state and federal laws, regulations, and guidelines for construction and/or major remodeling and renovation, including those found in 34 § CFR 76.600 and in 34 CFR §§ 75.600 - .617, as well as those found in 2 CFR §§ 200.317 and recent updates in 29 CFR 5.5. Construction wage rate requirements will be implemented as outlined in 48 CFR 52.222-6.4.

In addition, the District will comply with requirements under the Department of Labor's Davis-Bacon and related Acts, as well as bonding requirements specified in 2 CFR § 200.326. Failure to comply with these requirements could result in the repayment of federal funds, the District will also adhere to recommendations delineated within 19 CFR 5.5 (b) (2) and District Local Policy CV (Legal). Should an awarded contractor violate or fail to comply with the prevailing wage rates, the District will follow the prevailing wage rate provisions and guidance provided within Government Code 2258.023 and the District Local Policy CV (Legal). For matters that remain unresolved, the District is required to forward the issue(s) to the Department of Labor for review and guidance.

The Chief Operations Officer and facilities staff will be responsible for adhering to the guidelines for such, including onsite technical performance, review and verification of certified payroll. The assigned program Coordinator or Director may assist.

Use of Federal Funds Benefiting Students and Teachers in Private Schools

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

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

- The District shall maintain continuing administrative direction and control over funds and property that benefit private school teachers and students. No funds will ever be paid to a

private school. All goods and services are purchased by the District on behalf of and for use by the participating private school.

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

Participation of Private Non-Profit Schools

The Regional Education Service Center provides Districts with an updated Private Non-Profit (PNP) list each year. The list is used to contact private schools on an annual basis. The Federal Programs Coordinator contacts all private schools in the spring by certified mail and then by phone calls and emails, if needed. PNPs are contacted to verify their intent to participate in federal funds that may be available to students enrolled at the PNP and reside in the District boundaries. If any PNP

responds to participate for services, the Director of Federal Programs, and the Federal Programs Coordinator must have timely and meaningful consultations with private school officials, the District offers equitable services to eligible private school children, their teachers, and their families. Eligible private school children are those who reside in a participating public school attendance area on the basis of the total number of children from low-income families. The District uses the portion of Title I, Part A funds attributable to private school children, from low-income families, in the calculation to provide services to eligible private school children.

The District reserves funds from the Title I, Part A allocation to provide instructional and related activities for public school students at the District level. Funds may also be used for parent involvement and professional development. The District ensures teachers and families of participating private school children have an equitable opportunity to participate in professional development and parent involvement activities, respectively.

During the consultation meeting with private schools, officials are made aware of the requirements related to the use of federal funds. The Federal Programs Coordinator will conduct bi-annual spot checks to insure the private school adheres to the required use of federal funds. After each spot check is completed, the Federal Program Coordinator will submit a written report to the Director of Federal Programs, to include the location, date, time, and findings of the spot check. The report will be signed by the Federal Program Coordinator and by the private school official. A copy of the report is provided to the private school official. The Director of Federal Programs will then pursue corrective action, if needed. After consultation with private non-profit school officials the District, who also receives Title II and Title III Part A funds, will provide services for eligible children attending a private school within its boundaries and will assure equitable participation.

Reporting Expenditures

TEA Grants

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

TEA requires that Districts and other grantees use a standard format for reporting expenditures for grants funded through TEA. Reports are submitted electronically through the automated Expenditure Reporting (ER) system by class/object code. The Program Guidelines for each RFA published by TEA and/or the Critical Events calendar provided on the TEA Grant Opportunities page for a specific program identify the required expenditure reporting dates. However, even

though dates for submitting interim expenditure reports may not be specified, the District will submit expenditure reports more frequently, such as monthly, to indicate that grant activities and expenditures are occurring as planned and there are no major delays in the project.

Final expenditure reports are generally due 30 days after the ending date of the grant. If the grant program has a cost share or matching funds requirement, the District must also report the total cost share or matching funds in ER.
Each District employee who reports and/or certifies expenditures in ER is required to have a TEAL (TEA Login) username and password to access ER. The District reports cumulative expenditures to date in ER, and the system automatically calculates the amount already paid to the District and the amount owed and generates a payment to the District.

When filing interim reports, the District will only report actual expenditures, and any expenditures that will be paid out within three business days once payment is received by the District. In addition, the District will comply with the cash management procedures.

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

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

The ER system automatically rejects expenditure reports if:

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

TEA (or other agency administering the grant on behalf of TEA) reserves the right to require supporting documentation (such as an accounting ledger) that lists the individual expenditures by object code, as well as invoices, receipts, travel vouchers, and other expenditure documents for

expenditures at any time during or after the grant period for as long as the records are retained according to requirements for record retention. The District will be required to reimburse all expenditures that are unsupported by appropriate documentation or found to be unallowable under the grant. Depending upon the severity of noncompliance with allowable cost principles, additional sanctions may be imposed, up to and including termination of the grant and refund of all unallowable costs 2 CFR § 200.340

In addition, failure to submit the expenditure reports according to the required reporting dates could cause the grantee to be identified as high risk and could result in additional sanctions.

Refunds Due to TEA

If the final expenditure report indicates that a refund is due to TEA, within 30 days of notification that a refund is due, the District will submit a refund check to the current TEA required address. The District will write the name of the grant program and the NOGA ID number on the refund check and note the reason for the refund (e.g., due to an internal audit or an annual audit).

Failure to comply with the requirements for submitting a refund within 30 days will result in an enforcement action by TEA to withhold future payments. 2 CFR § 200.339

Grants from Other Awarding Agencies

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

Federal Cash Management Policy/Procedures

Generally, grantees receiving state and federal grants from TEA receive payment from TEA by reporting cumulative expenditures (by class/object code) and request payment in TEA's electronic Expenditure Reporting (ER) system. Specific expenditure reporting requirements are provided in TEA's General and Fiscal Guidelines that accompany each Request for Application

(RFA) from TEA. These guidelines are updated regularly and must be consulted on a regular basis.

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

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

Advance Method

If the advance payment method is used, the District maintains

- written procedures that minimize the time elapsing between the transfer of funds and disbursement by the District, and
- financial management systems that meet the standards for fund control and accountability. 2 CFR § 200.305.

In accordance with federal requirements, advance payments are limited to the minimum amounts needed and are timed in accordance with the actual, immediate cash requirements of the District. The timing and the amount of advance payments is as close as is administratively feasible to the actual disbursements by the District. The District also makes timely payments to contractors.

To the extent the District receives advance payments of federal funds as described above, the District will expend (i.e., pay out) the federal funds on allowable expenditures within 3 business days (i.e., 72 hours) of receipt to avoid excess cash on hand and a refund due to TEA (see *Excess Cash on Hand* section below). (Please note that interest starts accruing upon *receipt* of funds. See *Interest Earned on Advances* section below.) Accordingly, the District will not have more cash on hand than is necessary to meet three days' cash needs. Therefore, the District requests cash no earlier than six working days before actual disbursement of funds and will request only that amount that has already been paid out or will be paid out within three business days once the payment is received from TEA.

The District ensures that it requests payment only for obligations incurred during the grant period and for goods and services that have been actually received. The District also verifies that it is not requesting payment for any costs that cannot be satisfactorily documented with appropriate source documentation.

Prior to each payment request, the Accounting Coordinator reviews the general ledger to determine the exact amount of cumulative expenditures to date and reviews and calculates the exact amount of payroll and/or other payables that will be paid out within three business days once the payment is received. The Chief Financial Officer verifies that legible, satisfactory source documentation is on file to support each cost included in the request for payment. Prior to the draw-down request, the Chief Financial Officer reviews and verifies the accuracy of the amount to be requested. The Chief Financial Officer logs into the ER system to request payment and certifies that the expenditures are true and correct and that the payment received will be paid out within three business days of receipt in the District's depository account.

No later than three days after payment was requested, the Accounting Coordinator will verify that the payment was received in the District's depository account. The Accounting Coordinator will notify the Payroll Manager that payment has been received and to immediately process said payroll or other payables. The Accounting Coordinator will verify all payments to ensure that no

funds are being paid out for goods and services not actually received and to verify that all funds received for a particular payment are paid out and do not remain on deposit in the District's account. Advance payments are deposited and maintained in insured accounts.

Interest Earned on Advances

The District will calculate interest earned on cash advances upon receipt of advance payments and will remit interest as required. Any interest earned on those funds while on deposit in the District's bank account after receipt and before disbursal will be included in the interest-earned calculation. Total federal grant cash balances will be calculated on cash balances per grant and applying the District's average interest rate. Annually, within 30 days after the end of each fiscal year, the District will remit interest earned on U.S. Department of Education grants to the Department of Health and Human Services Payment Management System (PMS) as specified below. As permitted in the regulations, the District will retain up to $500 per year for administrative expenses.

Remitting Interest

Payment of interest will be through an electronic medium using either Automated Clearing House (ACH) network or a Fedwire Funds Service payment. Remittances will include pertinent information of the District and nature of payment in the memo area (often referred to as "addenda records" by financial institutions) that will assist in the timely posting of interest earned on federal funds. Pertinent details include the Payee Account Number (PAN) if the payment originated from PMS, or Agency information if the payment originated from G5 (Department of Education), ASAP (Automated Standard Application for Payments), NSF, or another federal agency payment system. The remittance will be submitted to the addresses as required.

Excess Cash on Hand

In addition to remitting interest per the preceding instructions, per TEA's policy (TEA's General and Fiscal Guidelines, Return of Interest Earned from Excess Cash on Hand), any funds that are not paid out within three business days of receipt of funds are considered excess cash on hand, which must be returned to TEA immediately as a refund. Refunds that are a result of excess cash will be sent to the address required. The district only requests draws after federally funded payments are made. The district will not carry excess funds.

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

Reimbursement Method

Under the reimbursement method, the District initially charges federal grant expenditures to non

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

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

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

Noncompliance with Cash Management Requirements

Pursuant to the provisions of 2 CFR § 200.339, grantees that fail to comply with cash management requirements, including the repayment of interest earned, may be subject to the following special conditions or enforcement actions:

- Identification as a high-risk grantee, pursuant to the provisions of 2 CFR § 3474.10 and 2
- CFR § 200.208, which may involve the imposition of special conditions and being placed on reimbursement basis only (District would not be able to draw down its own funds in the ER system without first submitting supporting documentation for expenditures)
- Temporarily withholding cash payments pending correction of the deficiency
- Disallowing all or part of a cost not in compliance
- Suspension or termination of the award
- Withholding further awards for future grants from TEA
- Debarment or suspension from receiving any future federal funds from any entity
- Other remedies that may be legally available

Program Income

Program income means gross income earned by the District that is directly generated by a supported activity or earned as a result of the federal award during the grant's period of performance. 2 CFR § 200.1.

Program income includes, but is not limited to:

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

- principal and interest on loans made with federal award funds

Interest earned on advances of federal funds is not program income. Except as otherwise provided in federal statutes, regulations, or the terms and conditions of the federal award, program income does not include rebates, credits, discounts, and interest earned on any of these. 2 CFR § 200.1. Additionally, taxes, special assessments, levies, fines, and other such revenues raised by the District are not program income unless the revenues are specifically identified in the federal award or federal awarding agency regulations as program income. Finally, proceeds from the sale of real property, equipment, or supplies are not program income. 2 CFR § 200.307

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

Use of Program Income

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

Addition Method: The District may also request written prior approval from the TEA Chief Grants Administrator (or other awarding agency) to use the addition method. Under the addition method, program income may be added to the Federal award. The program income must then be used for the purposes and under the conditions of the Federal award. 2 CFR § 200.307(e)(2)

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

If used, the District will utilize the deduction method. All income and expenses will be maintained in a specific student activity fund to accurately track the program.

Reporting Program Income

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

Earning Program Income after the Grant Period

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

Federal Procurement System

Module 5 of TEA's FASRG outlines requirements and best practices related to the purchasing function. Reflecting state (and some federal) requirements for purchasing, Module 5 is based on statutes containing requirements for Districts for competitive purchasing/contracting processes found in the Texas Education Code, Local Government Code, Texas Government Code, Texas Revised Civil Statutes, Texas Attorney General Opinions, federal regulations and other sources. In addition, the guide outlines reference areas regarding:

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

According to Section 271.003(9), Local Government Code, "school District" means an independent school District, common school District, community college District, junior college District or regional college District organized under the laws of this state. Therefore, the District is required to comply with all requirements outlined in Module 3 and in state law.

In accordance with TEA's purchasing policy established in Module 5, the District's objective is to purchase the best products, materials, and services at the lowest practical prices within relevant statutes and policies. It is important to acquire goods and services for the best price through fair and open competition to protect the interest of the local, state, and federal government while still maintaining the desired quality and minimizing exposure to misuse of funds.

Also in accordance with Module 5, the District's administrative procedures pertaining to purchasing goods and services will reflect quality assurance and quality control, including an analysis of products provided through the procurement process, a review of services provided, and a review of vendor performance. Additionally, the District's purchasing practices and

procedures must comply with federal procurement standards, some of which are already incorporated into Module 5. It should be noted that some state requirements for purchasing are more restrictive than the federal requirements. Key state requirements that are more restrictive are noted in this section.

Conflict of Interest Requirements

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

The District emails a list of all new vendors to all staff as they are added to the vendor list. This email explains the Conflict of Interest Requirements and is the mechanism to inform all staff of new vendors and allow them to review the possible need to file a conflict of interest statement. In addition, the list is provided to the Board of Trustees each week for the same purpose. This supports in the areas of compliance and gives notice as required through 2CFR 200.318 General Procurement Standards Section C(1).

Standards of Conduct

State Requirements

According to Module 5 of FASRG, it is a serious breach of the public trust to subvert the public purchasing process by directing purchases to certain favored vendors, or to tamper with the purchasing process, whether it is done for kickbacks, friendship or any other reason. State law relating to violation of purchasing requirements imposes upon violators certain criminal penalties, which are found in Section 44.032, Texas Education Code, and Chapter 271.029, Local Government Code.

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

1. It is a breach of ethics to attempt to realize personal gain through public employment with a school District by any conduct inconsistent with the proper discharge of the employee's duties.
2. It is a breach of ethics to attempt to influence any public employee of a school District to breach the standards of ethical conduct set forth in this code.
3. It is a breach of ethics for any employee of a school District to participate directly or indirectly in a procurement when the employee knows that:

- The employee or any member of the employee's immediate family has a financial interest pertaining to the procurement;
- A business or organization in which the employee, or any member of the employee's immediate family, has a financial interest pertaining to the procurement; or
- Any other person, business or organization with whom the employee or any member of the employee's immediate family is negotiating or has an arrangement concerning prospective employment is involved in the procurement.

4. Gratuities: It is a breach of ethics to offer, give or agree to give any employee or former employee of a school District, or for any employee or former employee of a school District to solicit, demand, accept or agree to accept from another person, a gratuity or an offer of employment in connection with any decision, approval, disapproval, recommendation, preparation of any part of a program requirement or purchase request, influencing the content of any specification or procurement standard, rendering of advice, investigation, auditing, or in any other advisory capacity in any proceeding or application, request for ruling, determination, claim or controversy, or other particular matter pertaining to any program requirement or a contract or subcontract, or to any solicitation or proposal therefore pending before this government. Acceptance of gratuities may be construed as a criminal offense.
5. Gifts: In addition, Texas law makes a gift (an item valued at $50 or more, cash of any amount, or a negotiable instrument of any value) to a public employee a Class A misdemeanor if the employee is someone who exercises some influence in the purchasing process of the governmental body. (Texas Penal Code, 36.09). Gifts of nominal value, and in the amount of $50 or less, are sometimes received by District offices via mail or drop off. This normally occurs during the holidays. These gifts are unsolicited and not expected and are acceptable as a shared item with the department.
6. Kickbacks: It is a breach of ethics for any payment, gratuity or offer of employment to be made by or on behalf of a subcontractor under a contract to the prime contractor or higher tier subcontractor for any contract of a school District, or any person associated therewith, as an inducement for the award of a subcontract or order.
7. Contract Clause: The prohibition against gratuities and kickbacks prescribed above should be conspicuously set forth in every contract and solicitation therefore.
8. It is a breach of ethics for any employee or former employee of a school District knowingly to use confidential information for actual or anticipated personal gain, or for the actual or anticipated gain of any person.

Reporting Gifts

If a gift ($50 or less) is delivered to and accepted by a District employee, the employee must take the following steps:

1. Notify the Chief Financial Officer and Director of Procurement in writing by or by email

2. Share the gift with the department

Federal Requirements

In addition to the state requirements pertaining to standards of conduct and avoiding conflict of interest, in accordance with 2 C.F.R. § 200.112), the District's standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award, and administration of federal contracts include the following federal standards.

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

The officers, employees, and agents of the District may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts, unless the gift is an unsolicited item of nominal value. (See state requirements above pertaining to defining "nominal value.")

Disciplinary Actions

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

Mandatory Disclosure

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

In addition, the District will disclose, in a timely manner, in writing to TEA or other federal awarding agency, all violations of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the federal award. 2 CFR § 200.113. Failure to make required disclosures can result in any of the remedies described in 2 CFR § 200.339, Remedies for Noncompliance, including Debarment and Suspension.

The following guidelines apply in determining potential conflicts:

1. The District requires a completed Conflict of Interest Questionnaire (CIQ) forms from vendors for all bids and proposals.
2. The District requires completed Conflict of Interest Questionnaire (CIQ) forms for all Board

Members and evaluation committee members.

3. All Federal Program purchase orders are reviewed for Suspension and Debarment as stated and described in this document.
4. Vendors shall complete debarment disclosure as part of their profile in the electronic bids system.

Full and Open Competition

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

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

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

The following steps will be used to ensure no vendor has a competitive advantage:

- The District prohibits vendors from competing for an RFP/RFQ they assisted in authoring.
- District employees will not disclose contractor bid or proposal information until it is made available to the public.
- The Procurement Department will not intentionally write an unnecessarily restrictive specification.
- The Purchasing Specialist or Purchasing Clerk will review specifications to ensure the District is in compliance.
- The Director of Procurement will monitor the review and determinations.

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

Geographical Preferences Prohibited

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

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

Contracting with Small and Minority Businesses

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

- placing qualified small and minority businesses and women's business enterprises on solicitation lists
- assuring that small and minority business, and women's business enterprises are solicited whenever they are potential sources
- dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses, and women's business enterprises
- establishing delivery schedules, where the requirement permits, which encourage participation by small and minority businesses, and women's business enterprises
- using the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce, and
- requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed above.

Prequalified Lists

The District ensures that all prequalified lists of persons, firms, or products which are used in

acquiring goods and services are current and include enough qualified sources to ensure maximum open and free competition. 2 CFR § 200.319(e). The District accomplishes this by conducting internet searches, including using vendor searches available through the Texas Comptroller of Public Accounts, and by using other less technologically-advanced tools to locate and identify potential contractors. The District will consult purchasing cooperatives, approved vendors list, vendors registered in the electronic bid system, as a minimum to ensure an adequate number of qualified sources are available. Also, the District will not preclude potential bidders from qualifying during the solicitation period. The Director of Procurement is responsible for reviewing prequalified lists and determining if they include an adequate number of qualified sources.

Solicitation Language

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

When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a “brand name or equivalent” description may be used as a means to define the performance or other salient requirements of procurement. The specific features of the named brand which must be met by offers will be clearly stated and will identify all requirements which the offers must fulfill and all other factors to be used in evaluating bids or proposals. 2 CFR § 200.319(d)(1)(2)

The following steps will be used to ensure compliance:

- The District will use a template for providing the description of technical requirements.
- The Director of Procurement will review the solicitation document

Federal Procurement System Standards

In addition to avoiding conflicts of interest and ensuring full and open competition as described above, the District’s written procurement procedures for purchases made with federal funds reflect applicable state and local laws and regulations and conform to the following federal standards for procuring goods and services with federal funds. 2 CFR § 200.318, which defines that the non-Federal entity must have and use documented procurement procedures, consistent with State, local, and tribal laws and regulations and the standards of this section, for the acquisition of property or services required under a Federal award or subaward. The non-Federal

entity's documented procurement procedures must conform to the procurement standards identified in §§200.317 through 200.327 of this subpart.

Avoiding Acquisition of Unnecessary or Duplicative Items

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

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

Use of Intergovernmental Agreements

To foster greater economy and efficiency, the District enters into state and local intergovernmental agreements where appropriate for procurement or use of common or shared goods and services. 2 CFR § 200.318(e). This includes cooperative purchasing agreements as well as shared services arrangements (SSAs) where practical and beneficial. Cooperative purchasing is described in section 5.2 of *Module 5 (FAR)*. SSAs as they pertain to a particular grant program are described in section 1.3.1 of *Module 1* (FAR).

The following steps will be followed when determining whether to enter into intergovernmental/cooperative agreements:

- The District will consider the price discount and administrative cost savings as well as any fee(s).
- Documented procurement actions using strategic sourcing, shared services, and other similar arrangements will be used where appropriate for procurement of use of common or shared goods and services.
- The District will also consider if the aggregate purchase will exceed the $50,000 threshold.
- The Director of Procurement will oversee the cooperative research and make a recommendation to the Chief Financial Officer. The final decision will be made by the School Board.

Purchasing Efficiency Strategies

Purchases with federal grant funds shall be in accordance with the federal regulations, specifically 2 CFR 200.318. Purchases shall be made from a variety of qualified vendors with the ability to perform successfully under the terms and conditions of a proposed procurement. The district

shall strive to avoid acquisition of unnecessary or duplicative items 2 CFR 200.318 (d). The district shall implement the following strategies to maximize federal grant funds:

- Consolidation of purchases to obtain volume pricing, as appropriate
- Evaluate the cost efficiencies of leases versus purchases of equipment
- Utilize cooperative purchasing agreements, as appropriate, to obtain volume pricing
- Utilize state and local intergovernmental agreements or inter-agency agreements where appropriate for procurement or use of common or shared goods and services to promote cost effective use of shared services.

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

The District considers the use of federal excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs. 2 CFR § 200.318(f). The Procurement Department will contact the Fixed Assets Specialist to determine if any excess or surplus property that was purchased with federal funds is available in the warehouse for use prior to purchasing new equipment or property. The Director of Procurement will make the final determination that excess or surplus property will be used instead of purchasing new equipment or property.

Procurement of Recovered Materials: In addition, the District complies with section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. 2 CFR § 200.323. The requirements of section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at 40 CFR Part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition. The requirements apply to state and local governments, including school Districts, and include the purchase of everyday items such as paper products, non-paper office products, office furniture, floor mats, and awards and plaques, as well as many other items, where the purchase price of the item exceeds $10,000 or the value of the quantity acquired by the preceding fiscal year exceeded $10,000. Requirements also include

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

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

A. are not reasonably available within a reasonable period of time;
B. fail to meet the performance standards set forth in the applicable specifications or fail to meet the reasonable performance standards of the District; or
C. are only available at an unreasonable price. Any determination under subparagraph (B)

will be made on the basis of the guidelines of the Bureau of Standards in any case in which the material is covered by the guidelines.

If using Federal Funds, the Procurement Department will verify the items being purchased are on the EPA's list of recovered materials. The Purchasing Clerk will use the CPG Product Supplier Search on the epa.gov website to see if the product is designated and ensure the purchase complies with this requirement. The final determination will be made by the Director of Procurement.

Awarding Contracts to Responsible Contractors

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

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

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

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

All purchase orders containing a federal fund (fund number) are automatically routed for Debarment and Suspension verification. The Title I Clerk and/or Federal Department Secretary complete this approval process. They will review the SAM website and attach the required documentation stating the vendor is free from Debarment and Suspension. If the vendor is not

clear, the purchase order request is denied.

State Rules for Selecting Vendors

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

(1) the purchase price

(2) the reputation of the vendor and of the vendor's goods or services

(3) the quality of the vendor's goods or services

(4) the extent to which the goods or services meet the District's needs

(5) the vendor's past relationship with the District

(6) the impact on the ability of the District to comply with laws and rules relating to historically underutilized businesses

(7) the total long-term cost to the District to acquire the vendor's goods or services

(8) for a contract for goods and services, other than goods and services related to telecommunications and information services, building construction and maintenance, or instructional materials, whether the vendor or the vendor's ultimate parent company or majority owner:

a. has its principal place of business in this state; or

b. employs at least 500 persons in this state (**Note**: Federal requirements prohibit geographic preference when purchasing with federal funds. Therefore, this requirement cannot be used to select a contractor when the purchase is made with federal funds.)

(9) any other relevant factor specifically listed in the request for bids or proposals. Factors that a school District may consider under this criteria would include vendor response time and compatibility of goods/products purchased with those already in use in the District.

Contract Provisions

In all federally-funded contracts, the District includes the applicable provisions described in Appendix II to 2 CFR Part 200 – Contract Provisions for non-Federal Entity Contracts under Federal Awards. 2 CFR § 200.327 . Provisions including Appendix II Part 200 and the following:

1. All contracts paid from state or federal grants administered by TEA must retain copyright for the Texas Education Agency (TEA) and for the federal government (if a federally funded contract) unless otherwise negotiated in writing with TEA. Pursuant to the provisions in 2 CFR § 200.315, title to intangible property vests in the District as long as such property is used for authorized purposes. However, TEA and the federal awarding agency reserve a royalty-free, nonexclusive and irrevocable right to reproduce, publish, or

otherwise use the work for federal purposes, and to authorize others to do so.

2. All contracts greater than the simplified acquisition threshold must address administrative, contractual, or legal remedies.
3. All contracts greater than $10,000 must address termination for cause and for convenience.
4. All construction contracts must include the Equal Employment Opportunity clause.
5. All prime construction contracts in excess of $2,000 must include a provision for compliance with the Davis-Bacon Act and its implementing regulations.
6. All contracts in excess of $100,000 that involve the employment of mechanics or laborers must include a provision for compliance with the Contract Work Hours and Safety Standards Act and its implementing regulations.
7. All contracts that meet the definition of "funding agreement" and where the District wishes to enter into a contract with a small business firm or nonprofit organization must include a provision for compliance with the Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts, and Cooperative Agreements.
8. All contracts and subgrants greater than $150,000 must contain a provision for compliance with the Clean Air Act and the Federal Water Pollution Control Act and their implementing regulations.
9. All contracts must include compliance with the Energy Policy and Conservation Act pertaining to mandatory standards and policies relating to energy efficiency contained in the state energy conservation plan.
10. A contract or subcontract must not be made to any party that is debarred or suspended from receiving federal funds.
11. Lobbying Certification and Disclosure of Lobbying (Byrd Anti-Lobbying Amendment) – All contractors that apply or bid for an award of $100,000 or more must file the required Lobbying Certification that it has not and will not use any federal funds to lobby. If non-federal funds are used to lobby, the contractor must complete the Disclosure of Lobbying and forward the disclosure to the next tier, who must forward it through each tier to the federal awarding agency.
12. All contracts greater than $10,000 must include compliance with section 6002 of the Solid Waste Disposal Act and its implementing regulations. 2 CFR § 200.323
13. Federal award recipients may not use government funds to enter into contracts (or extend or renew contracts with certain entities that use covered telecommunications equipment or services. This prohibition applies even if the contact is not intended to procure or obtain equipment services or systems. Vendors defined as a risk are included in 2 CFR § 200.216, see also 2 CFR § 200.471 Telecommunication costs and video surveillance costs.
14. All contracts and purchase orders, to the greatest extent practicable under a Federal award, must provide a preference for goods, services and materials to

be in compliance for domestic preference produced in the United States. 2 CFR § 200.322. This is commonly called the "Buy American" provision.

The District also adheres to the best practices recommended by TEA as it pertains to professional services contracts paid from federal grants.

Maintenance of Procurement Records

Per Module 5 of FASRG & 2 CFR 200.318(i),

> "Accurate recordkeeping and documentation should be a fundamental element of the procurement process. Precise and systematic recordkeeping and records management withstands the constant scrutiny of various interest groups including vendors, the public, and outside agencies as well as internal groups that are the users or customers of the purchasing system." This records management function should support a school district's overall information management plan and generally provide for the following:
>
> - Both the flow and retention of forms including requisitions, purchase orders, petty cash and cash reimbursement receipts.
> - Full documentation of all competitive procurements with comprehensive competitive procurement files containing specifications, competitive procurement advertisement, pre-competitive procurement conference minutes (as appropriate), competitive procurements submitted, competitive procurement tabulation, board minutes indicating competitive procurement awards (or a similar award notice) and related records.
> - Full documentation of procurement procedures utilized to obtain goods and services through competitive sealed proposals, design/build contracts and other procurement options.
> - Documentation of price quotations obtained when purchasing with federal funds.

The records management function may rely on electronic formats including automated systems, CD-ROM, imaging and microfiche. Alternatively, it may use hard copy or a combination of methods." Therefore, the District will select the methods best suited to its needs.

In addition, in accordance with federal standards (2 CFR 200.300(i)), the District maintains records sufficient to detail the history of all federal procurements, including but not necessarily limited to, the following:

- the method of procurement and the rationale for choosing that method (i.e., the reason the District chose procurement by micro-purchase, simplified acquisitions procedures, sealed bid, competitive proposals, or noncompetitive proposals),
- the type of contractual agreement or instrument used and rationale for using that type,
- the process used to either select the contractor or to reject the contractor (what was the

process and what were the factors considered in selecting or rejecting the contractor; this must be in writing),

- the basis used for determining the price of the contract (including a cost or price analysis)
- verification that the contractor is not suspended or debarred. 2 CFR § 200.214

Time and Materials Contracts

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

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

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

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

Settlements of Issues Arising Out of Procurements

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

Financial Officer of any issues and the Chief Financial Officer will inform the Superintendent of Schools.

Protest Procedures to Resolve Disputes

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

Any interested party may file a protest or dispute of an action taken by the Procurement Department. Interested parties can file such protests directly with the Director of Procurement. Interested parties must file protests by the later of the following:

- 10 days after contract award,
- 5 days after a debriefing, or
- 10 calendar days after the basis of the protest is known (or should have been known).

The District will make its best efforts to resolve protests within 35 days after the protest filing date. After contract award, if an interested party files a protest with the Director of Procurement, the District must suspend work on the contract unless the Director of Procurement determines doing so would not be in the best interest of the District. If an interested party files a protest to an agency within 10 days after contract award, the Contracting Officer must suspend work on the contract unless continued performance is justified, in writing, to be in the best interest of the District. The Chief Financial Officer must approve such justification or determination.

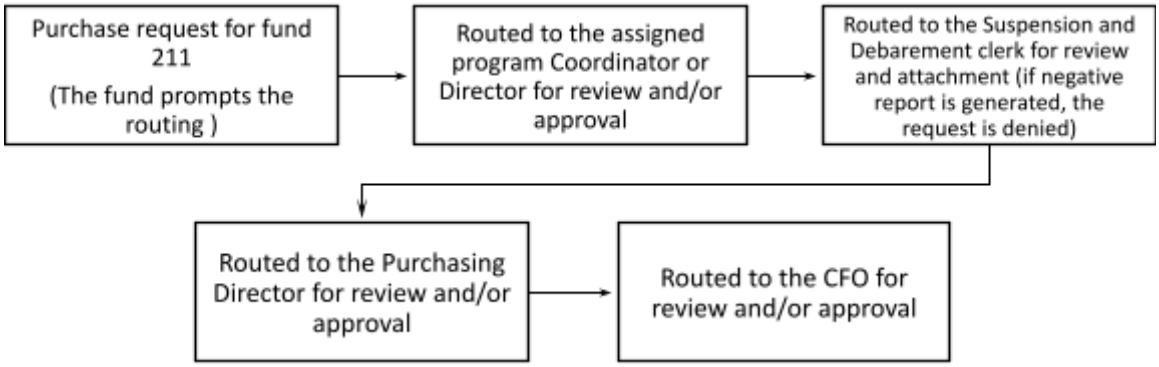
In the case of a protest or dispute, the vendor may write a letter outlining any concerns which may exist to:
Clint Independent School District
Director of Procurement
14521 Horizon Boulevard
El Paso, Texas 79928

After the Director of Procurement reviews the protest and completes the inquiry, the Director will provide the results of the inquiry by mail or email to the complainant.

Responsibility for Purchasing

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

The District utilizes a very complex and detailed electronic purchase order system and process. A request to purchase is entered into the financial system. The system is set up to automatically route a request for approval based on the account number dimension. For example:



Additional approvals may be required depending on the other account dimensions.

Purchase Methods When Using Federal Funds

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

State Requirements Related to Purchasing Methods

Unless otherwise more restrictive in federal law for procurement with federal funds, the District complies with the purchasing methods prescribed in TEA's FASRG and in state law for all purchases regardless of the funding source (i.e., state, local, or federal).
Texas Education Code § 44.031 (a) states that all school District contracts for the purchase of goods and services valued at $50,000 or more in the aggregate, for each 12-month period are to be made by the method that provides the best value to the District. This does not apply to contracts for the purchase of produce or vehicle fuel.

The law enumerates several options for competitive procurement that are available to school

Districts. One of these options must be used for contracts expected to equal or exceed $50,000 regardless of the funding source (i.e., state, local, or federal):

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

Professional and Consulting Services

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

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

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

Certain professional services, specifically those covered under Chapter 2254, Subchapter A of the Texas Government Code, (i.e., architects, CPAs, registered engineers, optometrists, physicians,

surgeons, land surveyors, landscape architects, registered nurses and state certified or state licensed real estate appraisers) are not selected based on competitive bidding. Rather, they must be selected based on demonstrated competence and qualifications obtained through a Request for Qualifications or similar document. After the District makes its selection based on demonstrated competence and qualifications, a fair and reasonable price for the services is then negotiated and agreed upon.

Consulting services: According to FAR (Appendices of TEA's FASRG), consulting services

> "refer to the practice of helping Districts to improve performance through analysis of existing problems and development of future plans. Consulting may involve the identification and cross-fertilization of best practices, analytical techniques, change management and coaching skills, technology implementations, strategy development, or operational improvement. Consultants often rely on their outsider's perspective to provide unbiased recommendations. They generally bring formal frameworks or methodologies to identify problems or suggest more effective or efficient ways of performing tasks. Consulting services cover all functional areas such as instruction, curriculum, and administration.
>
> Consulting does not include a routine service/activity that is necessary to the functioning of a school District's programs, such as hiring additional people on contract to supplement present staff. It also does not apply to services provided to conduct organized activities (such as training or other similar educational activities.)"

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

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

Allowable Professional Service Costs

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

- The nature and scope of the service rendered in relation to the service required;

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

Purchasing Goods or Services with Federal Funds

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

- reasonable in cost (comparable to current fair market value)
- necessary to carry out the objectives of the federal program
- allowable under the federal cost principles and the terms and conditions of the award
- allocable (chargeable or assignable) to the grant program based on the relative benefits received

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

The Director of Procurement verifies the proposed purchase is reasonable in cost (i.e., comparable to current fair market value) by reviewing the commodity code assigned to the purchase. The commodity code is tied to the purchasing mechanism utilized for the purchase to bids, contracts, etc.

The program Coordinator/Director/Grant Manager assigned to the grant verifies the proposed purchase is necessary to accomplish the objectives of the grant program in that the expenditure is vital or required for the grant program to be successful by applying supplement/supplant identifiers described in this document.

Five Methods for Procuring with Federal Funds

2 CFR § 200.320 provides for five methods that must be used when making purchases with federal funds. This requires the non-Federal entity to have and use documented procurement procedures that align both with state procurement requirements and the federal requirements for federal grants under the Uniform Grant Guidelines (UGG).

In some cases, these federal methods are less restrictive than state requirements; in other cases, the state requirements are more restrictive than these federal methods. Additionally, if local requirements are more restrictive than either state or federal, then local requirements must be followed. In all cases, the more restrictive requirements or methods must be followed when making purchases with federal funds.

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

1. Micro-purchase
2. Simplified acquisitions
3. Sealed bids
4. Competitive proposals
5. Noncompetitive proposals (sole source)

In addition, these methods are grouped into three classifications 2 CFR § 200.320:

- Informal - When the value of the procurement for property or services under a Federal award does not exceed the simplified acquisition threshold (SAT)
    - Micro-purchase
    - Simplified acquisitions
- Formal - When the value of the procurement for property or services under a Federal financial assistance award exceeds the SAT, or a lower threshold established by a non-Federal entity, formal procurement methods are required.
    - Competitive sealed bids
    - Competitive proposals
- Noncompetitive - Specific circumstances in which noncompetitive procurement can be used.

Micro-Purchases (Purchases up to micro-purchase threshold)

Federal methods provide for procurement by micro-purchase. Micro-purchase is defined in 2 CFR § 200.320(a)(1) as a purchase of supplies or services using simplified acquisition procedures, the aggregate amount of which does not exceed the micro-purchase threshold. The micro-purchase method is used in order to expedite the completion of its lowest-dollar simplified

acquisitions transactions and minimize the associated administrative burden and cost.

The micro-purchase threshold for Clint ISD is currently set at $49,999 aggregate across all federal funds for the fiscal year by the Texas Education Agency. 2 CFR §200.320 officially sets the micro-purchase threshold at $15,000 in the aggregate across all federal grant programs for the fiscal or grant year. It also allows the LEA to annually self-certify a higher micro-purchase threshold of up to $49,999 if the LEA:

- Is a low risk auditee for most recent federal audit (not TEA's risk assessment); or
- Conducts an annual internal risk assessment to identify, mitigate, and manage financial risk

If the District chooses to self-certify a higher micro-purchase threshold, the District, non-Federal entity or Local Educational Agency (LEA) must determine the local threshold based on internal controls, risk, and documented procedures. Due to state Financial Accountability System Resource Guide (FASRG) rules, the LEA may only self-certify a threshold up to $99,999. The LEA must:

1. Develop a written policy (procedure) justifying and clearly identifying the new threshold.
2. Self-certified thresholds from $15,001 to $49,999, will continue to only require notification to TEA through the EDGAR Connect system. https://app.smartsheet.com/b/form/e2f879cc182e47a69a39afec56084aa5
3. Self-certified thresholds of $50,000 to $99,999 will require the following documentation to be uploaded with the notification through the EDGAR Connect system.
    a. Proof of eligibility,
    b. Low-risk grantee as stated in the most recent federal audit (this is written by the external auditor and is not TEA's annual risk assessment status), or
    c. Internal organizational risk assessment that identifies, mitigates, and manages financial risk (the assessment must address all three areas of identification, mitigation, and management of risk).
4. Submit a self-certification by October 1 of the current grant/fiscal year to be retroactive back to the start of the grant/fiscal year. Self-certifications submitted to TEA after October 1, will not go into effect until the date it is submitted to TEA and any procurements started prior to submission date must adhere to the standard $15,000 micro-purchase threshold.

In accordance with federal requirements, micro-purchases may be awarded without soliciting competitive quotations (noncompetitive), if the District considers the price to be reasonable based on research, experience, purchase history or other information and documents it files accordingly. Purchase cards can also be used for micro-purchases if procedures are documented and approved by the non-Federal entity. Clint ISD does not currently utilize purchase cards. If in the future, the District decides to trial or implement purchase cards (P-cards), all current federal regulations will be followed.

Also, when using federal funds, to the extent practicable, the District must distribute micro-purchases equitably among qualified suppliers.

The District has completed a Self-Certification of Higher Micro-Purchase Threshold at a $49,999 threshold and notified the Texas Education Agency via the Smartsheet system. The CFO has identified the Federal Programs Director as the authorized staff member to complete the self-certification on the TEA Smartsheet system.

Simplified Acquisitions Procedures (Purchases between $15,001 and $49,999 in the Aggregate)

The acquisition of property or services, the aggregate dollar amount of which is higher than the micro-purchase threshold but does not exceed the simplified acquisition threshold. If simplified acquisitions procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources as determined appropriate by the non-Federal entity

The simplified acquisition threshold for procurement activities administered under Federal awards is set by the FAR at 48 CFR part 2, subpart 2.1. The non-Federal entity is responsible for determining an appropriate simplified acquisition threshold based on internal controls, an evaluation of risk, and its documented procurement procedures. However, in no circumstances can this threshold exceed the dollar value established in the FAR (48 CFR part 2, subpart 2.1) for the simplified acquisition threshold. Recipients should determine if local government laws on purchasing apply.

The federal threshold for simplified acquisitions procedures or simplified acquisitions is currently at $350,000. 2 CFR § 200.320. However, with some exceptions noted in TEC § 44.031, the state threshold for all school District contracts that do not require competitive bidding is less than $50,000 in the aggregate. Therefore, the more restrictive state threshold of less than $50,000 must follow the Small Purchase Procedures (as defined in 2 CFR § 200.320) may be used in those relatively simple and informal procurement methods for securing nonprofessional services, supplies, or other property that do not cost more than $50,000.

For purchases funded from state or local funds, to obtain the most competitive price, a District may at its option, obtain price quotes for items costing less than $50,000. Per Module 5, the District's purchasing procedures should clearly define the lower figure for which quotes are required and obtain and retain written verification of the prices quoted. Unlike the mandatory competitive procurement described for purchases over $50,000, if an item to be paid from state or local funds costs less than $50,000, a District may utilize price quotations to stimulate competition and to attempt to receive the most favorable pricing.

However, if using federal funds to purchase goods or services, price or rate quotations must be obtained from an adequate number of qualified sources as recommended by TEA for all purchases between $15,001 and $49,999. Such price or rate quotations must be documented in writing, and the District must demonstrate that price or rate quotations were obtained from an adequate number of qualified sources. Clint ISD utilizes the simplified acquisitions process for the majority of Federal awarded or sub-awarded property or services.

Purchases $50,000 or More in the Aggregate

According to Texas Education Code, 44.031 (a), Purchasing Contracts, one of the following competitive methods must be used for purchases of $50,000 or more in the aggregate, that provides the best value for the district:

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

Each of these competitive methods is described more thoroughly in Module 5 of FASRG.

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

Sealed Bids (Formal Advertising)

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

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

If sealed bids are used, the following requirements apply:

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

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

Competitive Proposals

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

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

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

used to purchase other types of services though A/E firms are a potential source to perform the proposed effort.

The technical evaluation committee is responsible for evaluating the technical proposals; rating them in order of merit; making recommendations to the Director of Procurement regarding clarifications needed and deficiencies identified; reviewing supplemental and revised offers; and, if required, assisting the Director of Procurement during negotiations. The requesting department Director shall select the committee members to ensure the right balance of technical subject matter expertise specific to their requirements. Evaluations will be made within 45 days of close of bid.

When the Director of Procurement grants access to the technical evaluation committee for proposal analysis, the technical proposals are accompanied by specific guidance for conducting the evaluation and preparing the technical evaluation report. The team lead prepares and signs the report and submits it to the Director of Procurement, who maintains it as a permanent record in the contract file. The report should present the proposal ratings and identify each proposal in accordance with the solicitation. The technical evaluation report must include a narrative evaluation specifying the strengths and weaknesses of each proposal and any uncertainties, reservations, qualifications, or areas to be addressed that might affect the selection of the source for award. The report should include specific points and questions for subsequent discussions with the proposed vendors. If the technical evaluation committee determines a proposal is technically unacceptable, the report is passed to the Director of Procurement for his or her final determination. Final vendor selection will be made by the Board of Trustees.

Noncompetitive Proposals (Sole Sourcing)

Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used when using federal funds only when one or more of the following circumstances apply 2 CFR § 200.320:

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

Additionally, state requirements related to sole source purchasing are, in some ways, more

restrictive. In addition to the federal requirements above, sole source purchases must meet established criteria:

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

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

In all cases, the District will obtain and retain justification documentation from the vendor and the Procurement Department's independent research which clearly delineates the reasons which qualify or deny the purchase to be made on a sole source, an informal, a formal or a noncompetitive basis. The Director of Purchasing will review the justification, patents list, cost analysis, and documented research in order to verify there are no other items available for purchase that would serve the same purpose or function.

Cost/Price Analysis for Federal Procurements in Excess of $350,000

In accordance with the requirements in 2 CFR § 200.324, the District will make independent estimates of the goods or services being procured before receiving bids or proposals to get an estimate of how much the goods and services are valued in the current market.

To accomplish this, after bids and proposals are received, but before awarding a contract, the District conducts either a price analysis or a cost analysis, depending on the type of contract, in connection with every procurement with federal funds in excess of $350,000. The method and degree of analysis is dependent on the facts surrounding the particular procurement situation; however, the District will come to an independent estimate prior to receiving bids or proposals.
2 CFR § 200.324(a). The cost analysis or price analysis, as appropriate for the particular situation, will be documented in the procurement files.

Accordingly, the District performs a cost or price analysis in connection with every federal procurement action in excess of $350,000, including contract modifications, as follows:

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

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

When performing a cost analysis, the Purchasing Specialist or the Director of Procurement 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 § 200.324).

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

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

Market Research

Acquisitions of supplies and services begin with a description of the District's needs stated in terms sufficient to allow the acquisition team to conduct market research. The results of the market research form the basis for developing new requirement documents and issuing solicitations. Market research is an ongoing process used to collect, organize, maintain, analyze, and present data. Its purpose is to maximize the capabilities, technology, and competitive forces of the marketplace to meet an organization's needs for supplies and services. The department or campus may be asked to assist with gathering market research information for use by decision makers to determine the best approach for acquiring the needed supply or service.

Cost Analysis

The cost analysis is the District's estimate of the resources and projected cost of the resources a contractor will incur in the performance of a contract. These costs include direct costs such as labor, products, equipment, travel, and transportation; indirect costs such as labor overhead, material overhead, and general and administrative (G&A) expenses; and profit or fee (amount above costs incurred to remunerate the contractor for the risks involved in undertaking the contract).

Acquisition statutes require analysis of price/cost to determine either a reasonable price in the event of a fixed-priced contract or a realistic cost resulting from award of a cost reimbursement contract. The results of any contract action in terms of quality and reasonableness of price/cost rely heavily on the accuracy and reliability of the cost analysis.

Any significant variation between an offeror's proposal and the cost estimate requires analysis. When variations exist, the District can identify and correct inaccuracies in the cost analysis or use the cost analysis to negotiate a more realistic price. The cost analysis is a procurement- sensitive document and should be handled accordingly.

Cost Estimates

Costs are generally divided into the following primary cost elements: labor, burden on labor costs, other direct costs, indirect costs (overhead), G&A, and profit/fee. This section describes these cost elements, as well as escalation considerations. Labor costs are often the most significant part of the cost analysis in terms of dollars for either services or construction contracts. Direct labor is the labor directly applied to the performance of the contract requirements. In contracts for services and construction performed within the United States, most direct labor is covered by the Department of Labor wage determinations provided under the provisions of the Service Contract Act (SCA) for services or the Davis-Bacon Act (DBA) for construction.

Price Estimates

A commercial item (supplies or services) estimate is considered a price estimate and is much less complicated than the cost analysis discussed above. It is a matter of determining the market value of the supplies or services, documenting the research, and furnishing this information along with the funded requisition to the Director of Procurement. Although price analysis documentation is a part of the Government procurement cycle, statutes or regulations do not contain detailed guidance on preparing them. The following are general guidelines that apply to most situations.

- Know the requirements.
- The first, and perhaps most crucial, step is to ensure that the cost estimate is based on the District's actual needs. Review the SOO/SOW/PWS or specification and make sure that it accurately identifies the contract requirements, clearly defines, and logically divides or

aggregates the work (tasks), and includes all required supplies and services to be delivered.

- Then, estimate the labor categories and level of effort required, plus equipment, materials, and any other direct costs.
- Apply cost inflation factors if the contract covers multiple years.
- Use historical cost information.
- Like budgeting, cost estimation uses existing (past) information as a basis for projecting future costs. The same or similar work may have been done under contract before. It can be very useful to obtain the cost information submitted and negotiated during the award of any previous contracts.
- Consult the Director of Procurement to obtain this information and technical assistance in analyzing it.
- Know the marketplace.
- Costs and prices are often specific to geographic areas.
- There may be going rates for competitive businesses for certain costs. Rates of profit may also vary by locality (especially for construction and commercial services). Costs for the same type of work may also vary significantly from place to place and over time.
- It is crucial, therefore, for the estimator to know the market.
- Consult other District contracting personnel.
- Estimate one piece at a time. If preparing a detailed cost estimate, do not try to estimate the cost of the contract as a whole. Take it one task (or other division of the required work) at a time and, for each, estimate the types of costs involved.

Other Guidance

When buying a commercial item with stable specifications, the District shall research past price history and adjust for any changes in specifications, quantities, or inflation factors. For items that do not have a detailed pricing history, a detailed analysis of individual cost elements will be necessary. The analysis should include a brief narrative describing how the costs were developed and what reference materials were used.

Below are methods that can be used to determine the market value.

- GSA schedules. The schedules are pre-priced and awarded to multiple firms for specific supplies and services. GSA schedules may be found at http://www.gsaadvantage.gov/.
- Published price lists. These lists are published by individual companies for use by the general public.
- Catalogs. Many manufacturers publish catalogs describing their offerings and stating their prices. The catalogs may be made available to customers in hard copy, on a Web site, or some other format.
- Market surveys. A market survey is a comparison of the prices offered within the local

area for an item. A survey is normally done in conjunction with the Director of Procurement.

- Previous buys. Previous purchases of the same item can be used as the basis for an estimate, assuming comparability in quantities, conditions, terms, and performance times. Adjustments should be considered for inflation and quantity discounts, when appropriate.

Pricing should not be obtained directly by contacting vendors, because disclosure of advance procurement information is considered sensitive, and because the vendor might consider the contact a commitment by the District.

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

Contract Administration

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

The objective of contract administration is to monitor contractor performance to assure the services received are consistent with contract quality requirements and received in a timely manner. To be effective, contract monitoring requires appropriate and immediate on-site contract compliance review of the services being performed. On-site contract compliance review includes periodic verification and analysis of the services performed. The effectiveness of these contract monitoring activities depends on keeping the Director of Procurement informed of deviations from the contractual requirements in a timely manner. If deviations and/or deficiencies arise then the Director of Procurement should remediate those deficiencies and determine contractual options that are available to determine the appropriate legal contractual option to take based on the awarded contract or purchase order terms and conditions.

Monitoring Contract Performance

The department or campus must promptly inform the Director of Procurement of the following:

- The exact date the contractor began performance.
- Incidents of unsatisfactory performance by the contractor.
- Delays in the contractor's progress due to the fault of the District.
- Any discrepancy between actual conditions and those represented in the contract provisions, specifications, or drawings.

Inspect and Accept/Reject Deliverables

The department or campus must:

- Promptly inspect the supplies and services delivered to determine acceptability.
- Exercise caution in executing receipt and acceptance documents.
- Furnish the Procurement Department a notice of satisfactory or unsatisfactory delivery.
- Complete the required performance reports thoroughly and accurately so that the
- Director of Procurement can properly evaluate the contractor.
- After verifying receipt of a deliverable, promptly check the items were received in the system.

Handling Unsatisfactory Vendor Performance

The department or campus must:

- Inform the Director of Procurement immediately if contract performance is unsatisfactory.
- Work with the Director of Procurement to identify corrective actions, if necessary.
- Make sure the contractor understands that the Director of Procurement and Board of Trustee's decisions are final.
- Enforce correction of deficient work. However, do not personally supervise, or direct the work of, any contractor employee.

Vendor Evaluation Form

The Procurement Department encourages feedback on the performance of the vendors the District contracts with. During the bidding process this documentation is extremely valuable in award recommendations. It ensures that reliable proven vendors will be recommended. A vendor evaluation form is provided in the manual and available on the District web page. This form simplifies the reporting process and allows the department to communicate to the Procurement Department on both areas for improvement and service related issues. This form can also be used to recognize any outstanding service received from a District vendor.

To ensure proper administration of contracts and any subgrants that may be awarded by the District, the District uses the following guidelines to determine whether each agreement it makes for the disbursement of federal funds is a contract, whereby funds are awarded to a contractor, or a subaward, whereby funds are awarded to a subrecipient. The substance of the relationship is more important than the form of the written agreement. 2 CFR § 200.331

Subawards/Subgrants

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

- Has its performance measured in relation to whether objectives of a federal program are met,

- Has responsibility for programmatic decision making,
- Is responsible for adhering to applicable federal program requirements, and
- In accordance with the subgrant agreement, uses the federal funds to carry out a program for a public purpose specified in authorizing statute, as opposed to providing goods or services for the District.

Contracts

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

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

For Construction Contracts:

Contracts in excess of $2,000 entered into for actual construction, alteration and/or or repair, including painting and decoration of a building financed in whole or in part from Federal Funds are subject to the required contract clauses, labor standard provisions and language as provided by the Department of Labor through the Copeland Act (FAR 22.403-2) and the benefits under the Davis-Bacon Act (40 U.S.C chapter 31.)

- The Procurement Director shall ensure that the contract contains the appropriate Davis Bacon Act clauses as set forth within 29 CFR § 5.5, but it also identifies the contract funding sources which will be charged for the services provided, including the specific amount and/or percentage of the total contract amount to be charged to each funding source.
- The contractor shall provide a prevailing wages poster of information onsite at the job sites. The Chief Operations Officer or assigned staff member will take a picture of the poster and keep the picture locally. 29 CFR § 5.5 (a)(1)(i) & WH-1321
- The contractor shall provide the District with certified payroll weekly for review. The payroll may be emailed to the Chief Operations Officer.
- The Procurement Director will ensure that the contract language as part of the award contains the instructions for certified payroll submission. Additionally, the contractor will be provided with the email addresses of the Chief Operations Officer and assigned staff to send the certified payroll to for review. 29 CFR § 5.5 (a)(3)(ii)(A)(B)(C)(1)(G)
- The Chief Operations Officer shall sign off on receipt of the certified payroll, and at a minimum, review a sample of payroll certification reports to ensure they include appropriate compliance statements and that they are signed properly. (Electronic signatures are valid if the contractor uses an electronic system that requires a legally valid

signature) 29 CFR § 5.5 (a)(3)(ii)(C)(D)

- The Chief Operations Officer will conduct interviews of a sample of the employees listed in the certified payroll sheets to the districts as deemed necessary. 29 CFR § 5.5.(a)(3)(iv)(A)(B) Compliance Checking will be completed through interviews to determine correctness of classifications, rates of pay, fringe benefits payments, and hours worked. (Standard Form 1445)

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

1. The effective dates (i.e., beginning and ending dates) of the contract are within the effective dates of the federal award as stated on TEA's NOGA. A contract may be negotiated prior to the effective date of the award, but it may not be signed or be effective until on or after the effective date stated on the NOGA.
2. The District may sign a letter of intent with the potential contractor prior to the issuance of the NOGA. The letter of intent must contain a provision that the pending contract is contingent upon receipt of the specific NOGA.
3. To ensure the potential contract is approved by TEA, the contract shall not be signed until after the NOGA is received by the District.
4. The contract will contain the following provisions (in addition to the Contract Provisions required and identified in III. Procurement System, C. Federal Procurement System Standards, Contract Provisions.
    a. All services will be completed during the effective dates of the contract.
    b. All services will be paid only upon receipt of a proper invoice that coincides with the contract upon verification that the services were satisfactorily performed in accordance with the description in the contract. For ongoing services, payment may be made at the end of every month upon receipt of the invoice. Contractors will not be paid in advance.
    c. The contract specifies that the invoice provided by the contractor will include the list of services provided, dates of services, and location(s) where services were provided during the billing period.
    d. The District complies with the regulations pertaining to procurement in 2 CFR § 200.318 - .323.
    e. The District complies with the provisions in 2 CFR § 200.459 pertaining to allowable professional service costs.

    f. The contract identifies the funding source(s) that will be charged for the services provided, including the specific amount and/or percentage of the total contract amount to be charged to each funding source.

g. The contract identifies and lists only reasonable, necessary, and allocable services to be provided in accordance with the funding sources that will be charged.
h. The administrative costs charged to the grant in the contract must be reasonable and must comply with any statutory limitations for administrative costs specified in the federal program funding source.

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

Documentation for Contracts

The District maintains the following written documentation, at a minimum, for each contract paid with federal funds:

1. A copy of the written, signed contract/agreement for services to be performed
2. The rationale or procedure for selecting a particular contractor
3. Evidence the contract was made only to a contractor or consultant possessing the ability to perform successfully under the terms and conditions of the contract or procurement
4. Records on the services performed – date of service, purpose of service – ensuring that services are consistent and satisfactorily performed as described in the signed contract or purchase order
5. Documentation that the contractor was not paid before services were performed, and
6. For construction contracts, the District will review submitted documentation prior to payment issuance. As part of its' review the District will monitor that the contractor has evidence of computed wages and bona fide fringe benefit contributions according to the Davis Bacon Act with payroll deductions as permitted by the Secretary of Labor under the Copeland Act (29 CFR § part 3). Based on documentation submitted the District will continuously monitor for compliance as part of its payment procedures.
7. Records of all payments made (such as a spreadsheet or report generated from the general ledger), including the total amount paid to the contractor.

The District Purchasing Clerk maintains the documentation listed above.

Payment Only After Services Are Performed

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

performed) for services performed during the month, or some other similar arrangement.

Consultants and contractors will not be paid without having a properly signed and dated contract or other written agreement in place which clearly defines the scope of work to be performed, the beginning and ending dates of the contract, and the agreed-upon price. The contract should also include a description of the payment procedures.

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

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

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

Verification of Receipt of Goods and Services Provided by Contractors

The District has implemented centralized receiving. If the purpose of the contract or purchase order is to deliver goods, the Shipping and Receiving Clerk located in the Department of Maintenance and School Services will verify that the quantity and quality of goods were received as specified in the contract/purchase order. The initiator of a contract will verify the contract has been fulfilled. The receiving report and procedures used in all other state/local purchases will be used for all federal purchases.

Prompt Payment to Vendors/Contractors

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

Submission of Procurement System

In accordance with 2 CFR § 200.325), the District will make available upon request from TEA all procurement documents for pre-procurement review, such as requests for proposals or invitations for bids, or independent cost estimates.

In addition, the District may request (in accordance with the process established by TEA) that its procurement system be reviewed by TEA to determine whether the system meets federal standards in order for the system to be certified. The District may also self-certify its procurement system in accordance with the provisions in 2 CFR § 200.325, which does not preclude TEA's right

to survey the system.

Property Management Systems

Property Classifications

Equipment, 2 CFR § 200.1, means tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the District for financial statement purposes, or $10,000. Beginning September 1, 2025, the District's capitalization level is $10,000.

Supplies, 2 CFR § 200.1, means all tangible personal property other than those described in §200.1 Equipment.

Computing devices, 2 CFR § 200.1, 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.

Capital assets, 2 CFR § 200.1, 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, exchange, or a lease accounted for as financed purchase under Government Accounting Standards Board (GASB) standards or a finance lease under Financial Accounting Standards Board (FASB) standards; and
- Additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations or alterations to capital assets that materially increase their value or useful life (not ordinary repairs and maintenance). .
- For purpose of this Part, capital assets do not include intangible right-to-use assets (per
- GASB) and right-to-use operating lease assets (per FASB). For example, assets capitalized that recognize a lessee's right to control the use of property and/or equipment for a period of time under a lease contract. See also §200.465.

Inventory Procedures

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

The District fixed asset procedures shall include an annual inventory (or more frequently if required by a granting agency) of all capitalized assets and reconciliation of the inventory reports.

Federal requirements CFR 200.313 requires an inventory at least once every 2 years. The District's inventory of federally funded assets shall be conducted by the Federal Programs Coordinator, Director, Grant Manager and related assigned staff. Lost, damaged, or stolen assets shall be recorded in the fixed assets database with the date of the loss. The disposition records such as the loss report (police report for thefts) shall be maintained with the asset records.

Any type of devices that acquire, store, analyze, process, and publish data and other information electronically, including accessories (or "peripherals") for printing, transmitting, receiving, or storing electronic information will be added to the district inventory system and will follow all federal labeling requirements regardless of the cost.

Within 10 business days of receiving assets on campus the Budget Clerk will inventory all Equipment and Supplies of $500 or more and all computing devices, as defined by CFR 2 CFR § 200.1, regardless of the value in the district inventory system, Incident IQ. Asset information entered in this system will include the purchase date, brand, model, serial number, PO number, funding code, purpose, percentage of use, and location. Computer accessories, technology components and peripherals, other than those identified as a computing device or equipment, will be classified as a supply and will not be inventoried unless the unit cost for each item is $500 or more. The Budget Clerk will also ensure that all federally funded assets are clearly and visibly labeled with the fund code, grant name, school year, purchase requisition number, and location. They will also place the letter "C" (no larger than 1 inch) on the left side of the equipment with a silver or black sharpie. The "C" must be clearly visible to meet federal guidelines.

The disposal of grant-funded assets shall be in accordance with federal guidelines and grant-specific guidelines, if any. At a minimum, the disposition date, reason and sale price of all federally-funded fixed assets shall be recorded in the fixed assets database.

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

The Federal Programs Coordinator/Director/Grant Manager shall be responsible for monitoring inventory controls of all assets purchased with federal grant funds.

Inventory Records

For each equipment and computing device purchased with federal funds, the following information is maintained in our locally administered inventory system called Incident IQ. (200.313(d)(1)). Inventory control for capital assessments is maintained in the district's ERP system, Skyward, due to ability to track depreciation and accounting measures.

Inventory records will contain the following information:

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

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

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

Physical Inventory

A physical inventory of the property is taken at least every two years and the results are reconciled with the property records at least every two years by the department assigned to the federal program. The District will utilize a workbook for physical inventory records by school year. Any items that do not meet the threshold for inventory with property records in Incident IQ or Skyward Q shall be tracked using a campus based inventory system.

Equipment Insurance and Maintenance of Equipment

The District ensures equipment acquired or improved with federal funds at the same levels and in accordance with the same policies as provided to equipment purchased with state or local funds unless required to be insured by terms and conditions of the federal grant. 2 CFR §200.310. In accordance with 2 CFR § 200.313(d)(4), the District maintains adequate maintenance procedures to ensure that property is kept in good condition.

Lost or Stolen Items

The District maintains an inventory control system that ensures adequate safeguards are in place to prevent loss, damage, or theft of the property. Any loss, damage, or theft is investigated in

accordance with the following procedures. 2 CFR § 200.313(d)(3)

Use of Equipment

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

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

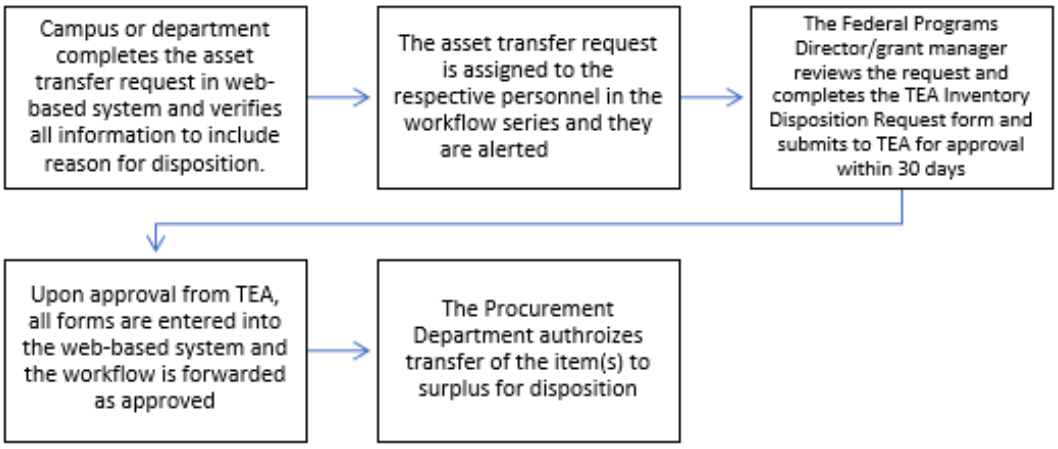
During the time equipment is used on the project or program for which it was acquired, the equipment will also be made available for use on other projects or programs currently or previously supported by the federal government, provided that such use will not interfere with the work on the projects or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

Disposal of Equipment and Supplies

Equipment

In accordance with 2 CFR §200.313(e), when it is determined that original or replacement equipment acquired under a federal award is no longer needed for the original project or program or for other activities currently or previously supported by a federal awarding agency, the assigned program Coordinator or Director will contact the TEA Chief Grants Administrator or other awarding agency for disposition instructions and provide documentation to the Procurement Department prior to disposal.

Federally Funded Disposition Flowchart



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

- An item that has a current FMV of $10,000 or less, may be retained, sold, or otherwise disposed of with no further obligation to TEA or other federal awarding agency. However, TEA must still approve disposition in accordance with specified procedures.
- If an item has a current FMV of more than $10,000, TEA or other federal awarding agency is entitled to the federal share of the current market value or sales proceeds. Pursuant to the provisions in 2 CFR § 200.313(d)(5), the District uses procedures to ensure the highest possible return. TEA must approve the disposition.
- Unused, or unopened supplies with a current FMV of $10,000 or less, may be retained, sold or otherwise disposed of with no further obligation to TEA or other federal awarding agency.

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

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

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

Supplies

Supplies are all tangible property other than equipment. This includes computing devices. If there is a residual inventory of unused supplies exceeding $10,000 in total aggregate value upon termination or completion of the project or program, and the supplies are not needed for any other federal award, the District will compensate the federal government for its fair share in accordance with procedures established by TEA. The assigned program Coordinator or Director will contact the TEA Chief Grants Administrator or other awarding agency for disposition instructions of supplies. 2 CFR § 200.314

Federal Technology Purchases

All technology related purchases to include mobile devices that require imaging (laptops, desktops, iPads, Chromebooks) will be shipped and processed into inventory upon receipt and verification at the district-level. Once verified by the district inventory department, purchases will be delivered to the appropriate campus/department. The Budget Clerk/Department Clerk will receive the equipment and verify that all equipment on the purchase requisition and shipping order is accounted for.

Within 10 business days of receiving the equipment on campus the Budget Clerk will inventory all equipment of $500 or more and all computing devices, as defined by CFR 2 CFR § 200.1, regardless of the value in Incident IQ to include the brand, model, serial number, PO number, funding code, and location. Computer accessories, technology components and peripherals, other than those identified as a computing device or equipment, will be classified as a supply and will not be inventoried unless the unit cost for each item is $500 or more. The Budget Clerk will also ensure that all equipment is clearly and visibly labeled with the fund code, grant name, school year, purchase requisition number, and location. They will also place a “C” (no larger than 1 inch) on the left side of the equipment with a silver sharpie. The “C” must be clearly visible to meet federal guidelines.

The Budget Clerk must submit a ticket on Incident IQ for all equipment or computing devices that requires imaging . The technology department is then expected to complete the necessary imaging process to CISD standards and close the ticket within 10 business days. All tickets should be completed at the campus. There are exceptions when technology equipment must be taken off the campus, at which time the technician must make note of the fact that they are taking the equipment off campus on the ticket and inform the Budget Clerk who will update the location of the equipment on Incident IQ.

The campus budget clerk or campus assignee will need to check-out the equipment to the responsible party or assigned location for inventory purposes within 10 business days of

receiving the equipment on campus. The signed User Device Agreement can be uploaded to the 'Images & Docs' section on Incident IQ.

End of Year and Summer Checkouts

All technology equipment must be checked back into the campus by students, teachers, faculty and staff at the end of the school year. Technology equipment must be stored in a secured location for summer storage, under lock and key. Access to the secured location should be limited to personnel assigned by the campus principal.

District leadership may make the decision to allow devices to be kept or checked out for summer school or campus related activities, by students, campus teachers, and staff.

At the Start of the School Year

All devices will be assigned using the Incident IQ system for all district and campus teachers, faculty, staff, and students. It is the expectation of the district that equipment purchased with local or federal funds must be on campus for instructional purposes. All devices are subject to spot checks and audits. If a device is not on the campus during an observation, spot checks, or audits, the campus principal will be notified to address the finding and request corrective action. A follow-up visit will be completed to verify the item(s) are in the instructional setting. If after the 2nd follow-up visit the item is not located, a formal written report will be submitted to the principal's supervisor and human resources to be filed in their personnel file.

Lost / Stolen Equipment

All lost/stolen equipment must have a police report filed within 48 hours to the campus School Resource Officer (SRO), police department. or the sheriff's department. The Budget Clerk must then change the "Condition" on Incident IQ to"Lost" or "Stolen" and enter the case number for the report made on the 'Note' section under Tool Information (F2). Campuses must hold students, teachers, faculty and staff accountable for any assigned equipment and must sign a User Device Agreement form (see below.) In the event assigned equipment is lost/damaged or missing and not replaced, the campus will be held responsible for monetary losses and may proceed with collection of cost from the individual. Once the collection is made, the funds will be provided to the Business Office to be placed back into the appropriate account.

The User Device Agreement form states: *I, the undersigned, hereby agree to take responsibility for the item(s) listed below. In the event that any of the item(s) below is lost or broken I understand that I am responsible for replacing it with the exact item or making payment in the amount of the value stated below to Clint ISD. All items must be replaced or paid for within a 30 day period or the replacement value will be deducted from my next payroll check. Additionally, I understand that cell phone overages will automatically be deducted from my next month's payroll check.*

Repairs of Technology Equipment

All repairs of technology equipment must be submitted using a SchoolDude ticket. It is the expectation of the technology department to attempt to complete the ticket within 3 business days. All tickets should be completed at the campus. There are exceptions when technology equipment must be taken off the campus to ship to vendors for warranty and repairs. In those cases, the SchoolDude ticket must be updated to notify the principal, budget clerk, librarian, and the user who initiated the ticket when the device was removed from the campus and when it was returned. In addition, the equipment must be checked out in Incident IQ when the device leaves and returns to the campus. This will provide evidence the device was removed and returned to the campus.

Salvage or Transfer of Equipment

All equipment must remain at the campus until all salvage or transfer requirements have been met and approval by Federal Programs and Business Services has been completed.

All requests to salvage poor, broken, or obsolete equipment must have an Fixed Assets Transfer form completed by the campus or department on the web-based system, KissFlow. It must include the funding code and PO in order to comply with procedures by TEA and district policy. The Budget Clerk must then change the 'Condition' in Incident IQ to 'Salvage Pending' for all equipment listed on the Fixed Asset Transfer form.

Transfer of equipment from one campus or location to another must also have a Fixed Assets Transfer form completed on the web-based system. Before the online Fixed Asset Transfer form is completed, the budget clerk must first check that no other instructional teachers/programs or students at the campus need the equipment. If the equipment is no longer needed on the campus the budget clerk must check to see if instructional teachers/programs or students at another campus need the equipment. Once the Fixed Asset Transfer Form has been submitted, the 'Condition' in Incident IQ must be changed to 'Transfer Pending' for all equipment listed on the form.

In cases where all items from a PO are being salvaged or transferred, all items must be accounted for before approval will be provided. Items missing/lost/stolen from the purchase order must be accompanied by a case number showing a police report was filed by the campus.

Written Compensation Policies

Allowable Compensation

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

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

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

Reasonable Compensation

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

Professional Activities Outside the District

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

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

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

Therefore, the District's policy which governs employees obtaining payment for performing professional services outside the District is incorporated into the District's written employee compensation policy. Any employee wishing to perform professional services outside the District and receive payment for such services by another entity must complete, sign and submit a request to the Director of Human Resources and then must be approved by the Superintendent of Schools. A Conflict of Interest form may be required to disclose the nature of the professional services to be performed outside the District to ensure a conflict of interest does not exist for the

District.

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

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

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

Job Descriptions

Each federally-funded employee must have a current job description on file. The immediate supervisor or manager is responsible for developing a complete and accurate job description for each employee under his or her supervision. The job description must describe the employee's job responsibilities as well as delineate all programs or cost objectives under which the employee works. Job descriptions are subject to approval by the Director of Human Resources.

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

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

Documentation of Personnel Expenses

Standards for Documentation of Personnel Expenses

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

- Be supported by a system of internal controls which provides reasonable assurance that the charges are accurate, allowable, and properly allocated
- Be incorporated into official records
- Reasonably reflect total activity for which the employee is compensated, not exceeding 100% of compensated activities
- Encompass both federally assisted and all other activities compensated by the District on

an integrated basis

- Comply with the established accounting policies and practices of the District, and
- Support the distribution of the employee's salary or wages among specific activities or costs objectives if the employee works on:
    - More than one federal award
    - A federal award and a non-federal award
    - An indirect cost activity and a direct cost activity
    - Two or more indirect activities which are allocated using different allocation bases, or
    - An unallowable activity and a direct or indirect cost activity.

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

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

Time and Effort Procedures

Please refer to the District's Federal Grant Time & Effort Certification Guidelines & Procedures located on the District website. This document may be provided or located on the District website under the Business Services Department. The document is an extension or part of this document. It has been separated to focus on time and effort.

Human Resources Policies

The allowability of various types of personnel compensation costs is dependent on whether they are spent in accordance with written policies and procedures. For example, the cost of fringe benefits in the form of regular compensation paid to employees during periods of authorized absences from the job, such as annual leave, sick leave, or holidays, is allowable if, among other criteria, the costs are provided under established written leave policies.

Therefore, the District has Human Resource policies which at least cover (1) how employees are hired (2 CFR § 200.430[a][2]); (2) the extent to which employees may provide professional services outside the District (2 CFR § 200.430[c]); (3) the provision of fringe benefits and costing policy, including leave and insurance, (2 CFR § 200.431[b]-[e]); (4) pension plan costs (2 CFR § 200.431[g]); post-retirement health benefits (2 CFR § 200.431[h]); severance pay (2 CFR § 200.431[i]); (4) the use of recruiting expenses to attract personnel (2 CFR § 200.463(b)); and (5)

reimbursement for relocation costs. 2 CFR § 200.464.

All employees, including those paid with federal funds and those not, will adhere to the District's written leave policy. All local, legal and regulations can be found on the District's web- site under the Board of Trustees. This area is formatted in a user-friendly searchable format. The Director of Human Resources is responsible for updating these policies as needed or required.

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

Record Keeping

Record Retention

In general, records document the use of funds, compliance with program and fiscal requirements, and the performance of the grant. In accordance with 29 C.F.R 5.5. (a)(3), 34 C.F.R. § 76.730-.731 and §§ 75.730-.731, the District maintains all records that fully show (1) the amount of funds under the grant or subgrant; (2) how the District uses those funds; (3) the total cost of each project; (4) the share of the total cost of each project provided from other sources; (5) other records to facilitate an effective audit; and (6) other records to show compliance with federal program requirements. The District also maintains records of significant grant project experiences and results. 34 C.F.R. § 75.732. These records and accounts must be retained and made available for programmatic or financial audit.

Pursuant to the provisions in 34 C.F.R. § 81.31(c), the USDE is authorized to recover any federal funds misspent within 5 years before the receipt of a program determination letter. The Code of Federal Regulation 29 C.F.R § 5.5 (a) (3), requires the federal records retention period from the date of the final expenditure to be three (3) years. The District complies with Texas Education Agency (TEA) General Provisions and Assurances for federal records retention period to be five (5) year from the date in which the final expenditure report is submitted, the ending date of the grant, or from the date of the submission of the financial report, unless otherwise notified in writing to extend the retention period to 7 years from the date of the specific activity being documented by TEA or other awarding federal agency. However, if any litigation, claim, or audit is started before the expiration of the record retention period, the records will be retained until all litigation, claims, or audit findings involving the records have been resolved and final action taken. 2 C.F.R. § 200.334

Local governments in Texas, including all school Districts, open-enrollment charter schools, and ESCs, are required to implement a Records Management Policy, designate a Records Management Officer to oversee the policy, and comply with a Records Retention Schedule. The Texas State Library and Archives Commission (TSLAC) administers the records management requirements pursuant to the Local Government Records Act, Local Government Code, Chapters 201-205, and

Chapter 441, Subchapter J, published as Local Government Bulletin D on TSLAC's website.

The District retains and destroys records in accordance with these requirements. Failure to produce a program or fiscal record for an auditor or monitor during the 5-year retention period will most likely result in an audit or monitoring finding and the repayment of funds for the missing documentation. Although the Code of Federal Regulation 29 C.F.R § 5.5 (a)(3), has provided a record retention period of three (3) years. The District in accordance with its' Local Policy, CPC (Local) and the Texas State Library and Archives Commission (TSLAC) schedule for federal grants will adhere to the retention schedule of a minimum of five (5) years from the last expenditure and/or final action has been completed.

Records Retention for Federally Funded Construction Contracts

Due to the recommendation provided through 29 CFR 5.5 (a) (3) the following will apply for federally funded construction projects:

- The Procurement Director will ensure that the contract identifies the funding source(s) that will be charged for the project.
- As part of the contract the Procurement Director will require that the prime contractor and any subcontractor during the course of the work maintain all regular payrolls and basic records retention information for a period of minimum of five (5) years after all the work on the contract is completed and the final payment verification has been issued.
- Basic records Information required for regular payrolls will consist of name; Social Security number; last known address, telephone number, and email address of each such worker; each worker's correct classification(s) of work actually performed under the contract; hourly rates of wages paid (including rates of contributions or costs anticipated for bona fide fringe benefits or cash equivalents thereof of the types described in 40 U.S.C. 3141(2)(B) of the Davis-Bacon Act.
- For each covered contract, the daily and weekly number of hours actually worked in total along with deductions made and actual wages paid will become part of the information required for records retention.
- For records related to fringe benefits, as described in 40 U.S.C. 3141(2)(B) of the Davis-Bacon Act, the contractor must maintain records which show that the commitment to provide such benefits is enforceable, that the plan or program is financially responsible, and that the plan or program has been communicated in writing to the employees affected, and records which show the costs anticipated or the actual cost incurred in providing such benefits.
- For contractors with apprentice programs, must maintain written evidence of the registration of such apprenticeship programs with wage rates applicable to the program.
- The prime contractor will maintain certified payroll records for each District contract awarded and verifiably worked for a minimum of 5 (years).

Destruction of Records

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

The District cannot destroy any record that is involved in an ongoing litigation, claim, negotiation, public information request (PIR), audit or investigation, and administrative review or hearing.

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

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

Records That Must Be Maintained

A record is any recorded information that documents school business; it serves as evidence that an activity, event, decision, or transaction occurred. A record must be retrievable at a later date (i.e., for 7 years after the ending date of the grant or after submission of the final expenditure report, whichever is later).

Not every piece of paper or every piece of data is an official record. Materials used for reference are just that – reference materials; they are not records. District personnel must use some judgment in determining whether a record constitutes an "official business record" by looking at the content of the record to determine its value in serving as evidence. A good place to start is by consulting the District's Records Specialist. The Records Specialist serves the District's Records Liaison while the District Superintendent serves as the District's Records Management Officer.

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

retention schedule.

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

Records generally include but are not limited to:

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

Records generally do NOT include:

- Convenience copies (extra identical copies created only for convenience of reference or research)
- Drafts of documents
- Copies of documents furnished to the public to fulfill a PIR
- Blank forms/stocks of publications (keep at least one copy for archives to demonstrate compliance or proof of program activities)
- Library or museum materials
- Dispute resolution working files (the final written finding or report is a record)
- Personal or junk e-mail
- Ccs of emails (or letters) or convenience copies of emails (or letters) (the recipient in the "To" line is the keeper of the official record)

Collection and Transmission of Records

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

grant-related information to and from the District upon request.

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

The retention period is the same whether the record is paper or electronic. However, a few precautions are in place. It is permissible to scan hard copies of records and then store them electronically. The District must comply with Electronic Records Standards and Procedures (Local Government Bulletin B on TSLAC's website) when scanning records. The District's designated Records Management Officer is aware of these standards. The Records Specialist in the Business Services Department is responsible for performing or overseeing the scanning of all records to ensure the following procedures are properly carried out.

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

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

Once the original has been scanned and the employee has conducted a thorough visual quality control on each page of each document, the scanned version becomes the official record and the originals can be destroyed. However, before destroying any documents, the employee must check with the District's designated Records Management Official. He or she may wish to confer with legal counsel or the auditor. There may be legal reasons for not destroying the originals. Also before destroying the originals, the employee will want to consider if there is any historical value to retaining the original, and if so, perhaps retain the original for historical purposes.

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

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

Access to Records

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

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

Only under extraordinary and rare circumstances would such access include review of the true name of victims of a crime. Routine monitoring would not necessitate access to this information, as it is not considered extraordinary and rare circumstances. When access to the true name of victims of a crime is necessary, appropriate steps to protect this sensitive information must be taken by both the District and the awarding agency. Any such access, other than under a court order or subpoena pursuant to a bona fide confidential investigation, must be approved by the head of the awarding agency or delegate.

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

Privacy and Passwords

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

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

Data system access to the authorized modules, shall be determined by the District System Analyst in coordination with departmental supervisors. Each staff member shall have access to their

respective database(s) and tabs within a database based on their position. Security roles will be established and assigned with the specific access to each module. In the event that a staff member gains access, due to human or software error, that he/she is not entitled to, it is the responsibility and duty of the staff member to notify the System Analyst regarding the ability to access the restricted database or module(s).

Access to data systems are subject to change and/or revocation when changes occur to a staff member's position, duties or responsibilities. Access to data systems are also subject to revocation when a staff member violations the Responsible Use Guidelines. Each staff member shall sign the Responsible Use Guidelines every fiscal year.

Monitoring

Self-Monitoring

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

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

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

TEA Monitoring

Risk Assessment

Pursuant to the provisions in 2 CFR § 200.332, TEA, as a pass-through agency, is required to evaluate each subrecipient's risk of noncompliance with federal statutes, regulations, and the terms and conditions of the award for purposes of determining the appropriate subrecipient monitoring. Accordingly, the risk assessment may include:

The District's prior experience with the same or similar awards;

- The results of previous audits including whether or not the District receives a Single Audit

in accordance with Subpart F of 2 CFR, and the extent to which the same or similar award has been audited as a major program;
- Whether the District has new personnel or new or substantially changed systems; and
- The extent and results of USDE monitoring if the District also receives federal awards directly from the USDE.

Special Conditions

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

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

TEA is required to notify the District as to:

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

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

Identification as a High-Risk Grantee

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

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

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

Monitoring

TEA must monitor the activities of the District as necessary to ensure that the award is used for

authorized purposes, in compliance with the federal statutes, regulations, and the terms and conditions of the award; and that the award performance goals are achieved. 2 CFR § 200.332. Monitoring must include:

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

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

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

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

Remedies for Noncompliance

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

- Temporarily withhold cash payments pending correction of the deficiency by the District or more severe enforcement action by the USDE or TEA.
- Disallow (that is, deny both use of funds and any applicable matching credit for) all or part of the cost of the activity or action not in compliance.
- Initiate suspension or debarment proceedings as authorized under 2 CFR Part 180 and USDE regulations (or in TEA's case, recommend such a proceeding be initiated by the USDE).
- Withhold further federal awards for the project or program.
- Take other remedies that may be legally available. 2 CFR § 200.339

Subrecipient Monitoring

In the event that the District awards subgrants to other entities, it is responsible for monitoring those grant subrecipients to ensure compliance with federal, state, and local laws. Monitoring

is the regular and systematic examination of all aspects associated with the administration and implementation of a program. Each program office that awards a subgrant must have its own monitoring policy. This policy must ensure that any monitoring findings are corrected.

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

Audits

Annual Independent Audit

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

The audit must meet at least the minimum requirements and be in the format prescribed by the SBOE and the commissioner. Audits must be conducted in accordance with generally accepted auditing standards (GAAS) and Government Auditing Standards (GAS), also referred to as the Yellow Book. Audit requirements are also provided in TEA's FASRG, Module 4 – Auditing.
The itemized accounts and records of the District must be made available to audit. The independent audit must be completed following the close of each fiscal year and must be submitted to TEA within 150 calendar days of the close of the fiscal year.

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

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

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

Single Audit

In addition to the state-mandated annual audit, federal regulations require that grantees obtain audits in accordance with 2 CFR Part 200, Subpart F – Audit Requirements. (Note: The

requirements in 2 CFR Part 200 apply for fiscal years that begin after December 26, 2014, (i.e., in most cases, for fiscal years that begin July 1 or September 1, 2015, and end June 30 or August 31, 2016, respectively. The requirements in OMB Circular A-133 are in effect for the fiscal years that end June 30 or August 31, 2015, respectively.) The audits must be made by an independent auditor in accordance with generally accepted government auditing standards (GAAP). Awarding agencies, including TEA, are required to determine whether their grantees have met the audit requirements.

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

TEA as a state agency must also

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

Who Is Required to Have a Single Audit?

School Districts that spend $1,000,000 or more total in federal awards (i.e., all of the expenditures added together for all of the federal grants) during the fiscal year are required to have a Single Audit conducted in addition to and in conjunction with the annual independent audit.

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

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

The cost to conduct the Single Audit can be prorated among the federal programs being audited in proportion to the total award amount of each program. What Happens During a Single Audit? During a Single Audit, the auditor examines

- the District's financial statements and schedule of expenditures of federal awards

- compliance with laws, regulations, and the provisions of contract or grant agreements that have a direct and material effect on each of the District's federal programs
- the effectiveness of internal control over federal programs in preventing or detecting noncompliance

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

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

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

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

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

TEA is required to follow up to ensure the District resolved the corrective actions. The audit in the

subsequent year will include a follow up to ensure the District implemented the corrective actions. TEA also uses the results of the report as a monitoring tool and may use the results to identify the District as high-risk and impose special conditions on federal awards.

The Chief Financial Officer and Accounting Coordinator are responsible for coordinating the audit. Pre and post audit meetings are held with the firm and an exit meeting also includes the Superintendent of School. Regular updates and information is presented to the Cabinet members during the audit.

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

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

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

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

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

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

Programmatic Fiscal Requirements

Supplement, Not Supplant

Most federal education grants contain the supplement, not supplant provision. In most cases, the expenditure of grant funds for a particular cost or activity must supplement, and not supplant,

state or local funds. Therefore, supplement, not supplant is a crucial factor in determining whether a particular cost is allowable, and it must be understood by program and fiscal managers.

What Does Supplement, Not Supplant Mean?

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

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

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

Rebutting the Presumption of Supplanting

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

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

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

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

Supplement, Not Supplant on Schoolwide Programs

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

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

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

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

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

Again, it is important that District personnel involved in federal programs understand supplement, not supplant. School Districts are frequently cited for a supplant violation. On the surface, a particular cost may seem allowable in that it is reasonable, allowable under the federal cost principles, allocable, and appropriate under a federal program such as Title I, Part A. However, if the cost is not supplemental, all of the other factors do not counteract. All costs associated with a supplant violation would be required to be repaid to TEA or other federal awarding agency.

How to Document Compliance for an Auditor

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

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

Procedures for Complying with Supplement, Not Supplant

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

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

The District process to ensure that all grant funded activities are supplemental shall be a collaborative effort between the assigned program grant managers, Coordinators and Directors,

finance, purchasing and all departments. All departments shall receive training and be aware of the supplement not supplant provisions.

The assigned program Coordinators/Directors/Grant Manager shall review and approve all purchases. The Coordinators/Directors/Grant Manager review shall include a determination if the planned purchase and/or expenditure meet one of the following guidelines:

- The grant funds will be used to enhance, expand, or extend required activities.
- Examples may include tutoring, additional research-based instructional programs, or other supplemental expenditures not required by state law or local policy.
- The grant funds will be used for specific grant activities including the grant application that are above and beyond the activities funded with local funds.
- The grant funds will be used for supplemental grant activities as noted on the DIP or a CIP.
- The following practical questions may be asked when reviewing a purchase:
    a. Is the purchase really needed?
    b. Is the expense targeted to a valid programmatic need?
    c. Is the amount at a minimum needed to meet the need?
    d. Is capacity in place to use what is being purchased?
    e. Is a fair rate being offered?
    f. Can the purchase be defended, if asked?
    g. Does the purchase deviate from established practices or policies?
    h. Is the purchase ordinary and necessary?
    i. Is the purchase adequately documented as necessary, reasonable and allowable?

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

Title I, Part A Supplement, Not Supplant (SNS) Statement of Exemption

Under ESSA Title I, Part A, the LEA must either demonstrate a valid SNS Methodology that is used to allocate State and Local funds to campuses, or have a Statement of Exemption.

Based on guidance from the US Department of Education, LEA's that meet one of the situations described in the Statement of Exemption section below, will not be required to demonstrate a methodology for allocating its State and Local funds to its campuses in order to comply with the SNS Methodology requirement for Title I, Part A. The situations described below result in Title I neutral situations with regard to campus allocations. Therefore, the SNS requirement at the campus level is met for Title I, Part A purposes, as long as the LEA provides enough State and Local resources to its campus(es) to provide a free, public education in the absence of Title I, Part A funds.

Statement of Exemption

Clint ISD will not be required to demonstrate a methodology for allocating its State and Local funds for the reason listed below:

- ☐ The LEA has only one campus.
- ☒ All campuses in the LEA are Title I campuses.
- ☐ The LEA has only one campus in each campus category (Elementary, Middle, High School)
- ☐ All campus categories are exempt, either because all campuses in the category are Title I campuses; all are non-Title I; or the category has only one campus

A copy of the completed Statement of Exemption can be found in the appendix of this manual.

ESSA LEA Maintenance of Effort (MOE)

ESSA LEA Maintenance of Effort (MOE) requires LEAs to maintain their state and local expenditures at a specified level from one fiscal year to the next. The District does receive federal grants under ESSA and must comply with MOE requirements to receive the full allocation. The MOE requirement specifies that you must spend at least 90% of state and local funds for free public education as you spent in the previous fiscal year.

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

The District will review and utilize the ESSA LEA MOE Handbook and ESSA LEA MOE Calculation Tool along with any other training materials provided by TEA to complete the MOE. In most cases this information is updated annually and available on the TEA website. TEA provides the District with reports through the Grants and Federal Fiscal Compliance (GFCC) system to notify the District of compliance status.

TEA provides the following information and tool to determine MOE compliance and the CFO obtains this data to complete the tool.

TEXAS EDUCATION AGENCY
FEDERAL FISCAL COMPLIANCE AND REPORTING DIVISION - Compliance Unit

ESSA LEA MOE CALCULATION TOOL (Page 1 of 4)

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Purpose

This template was designed to facilitate the initial determination of a local educational agency's (LEA) compliance with the maintenance of effort requirement for programs funded pursuant to the Every Student Succeeds Act. This template should be used for planning purposes only. The final determination of a LEA's compliance with the ESSA MOE requirement shall be made by the TEA's Federal Fiscal Compliance and Reporting Division.

Authority

Every Student Succeeds Act, Sections 1118(a) and 8521
Title 34 of the Code of Federal Regulations (34 CFR) 299.5

Notes to User

You may enter information in the yellow highlighted columns and rows discussed in the steps below. The amounts for lines 16, 18, 20, 22, and 23 are automatically calculated. Note: this calculation tool works only if there is no gap between comparison year and determination year.

Methodology

[a] Using the LEA's financial accounting records, sum the amounts expended for the function codes noted in the table below for fund code 199 (General Fund) (for charter schools, net asset codes 199 and 420) and object codes under 6100, 6200, 6300, 6400, 6512 and 6522.
Enter these amounts on lines 01 through 14 on the table below.
Note that the amounts should be those reported (or comparable to those reported) in TSDS PEIMS Record 032, District Finance Data - Actual.

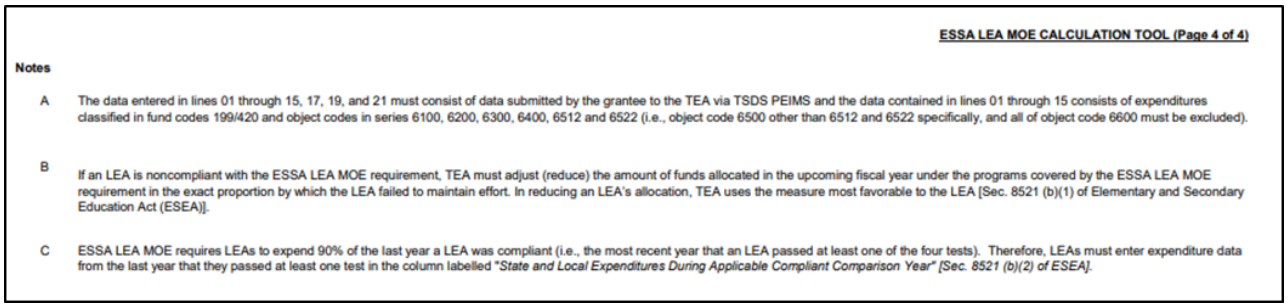
[b] Using the LEA's student enrollment and attendance records, determine the LEA's enrollment, membership and refined average daily attendance.
Enter the applicable amounts on lines 17, 19 and 21.
Refer pages 2-3 of 12 of the ESSA LEA MOE Guidance Handbook for data sources for Line 16 (RADA), Line 18 (Membership), and Line 20 (Enrollment).

Contact

For assistance with the use of this template, please contact the Federal Fiscal Compliance and Reporting Division, at (512) 463-9127 or Compliance@tea.texas.gov.

Region	CDN	LEA Name	Status	Adjustment (b)
			NONCOMPLIANT	0.000%

Line No.	Function Code	Function Code Description	State and Local Expenditures During Applicable Compliant Comparison Year	Minimum Expenditures in Determination Year (90% of Comparison Year)	State and Local Expenditures During Determination Year	Difference between projected determination year expenditures and minimum needed to be compliant	Fiscal Year in Which Allocation is Potentially Reduced if LEA Non-Compliant
01	11	Instruction			$ -		
02	12	Instructional Resources and Media Services	$ -		$ -		
03	13	Curriculum and Instructional Staff Development	$ -		$ -		
04	21	Instructional Leadership	$ -		$ -		
05	23	School Leadership	$ -		$ -		
06	31	Guidance and Counseling Service	$ -		$ -		
07	32	Social Work Services	$ -		$ -		
08	33	Health Services	$ -		$ -		
09	34	Student (Pupil) Transportation	$ -		$ -		
10	35	Food Services (Deficit Only)	$ -		$ -		
11	36	Cocurricular/Extracurricular Activities (Deficit Only)	$ -		$ -		
12	41	General Administration	$ -		$ -		
13	51	Plant Maintenance and Operations	$ -		$ -		
14	53	Data Processing Services	$ -		$ -		
15	71	Debt Services (only object codes 6512 and 6522)	$ -		$ -		
16		**Total Operating Expenditures (Add 01 - 15)**	$ -	$ -	$ -	$ -	0.000%
17		Refined Average Daily Attendance (RADA)	0		0		
18		**Total Operating Expenditures per Pupil (Refined ADA) (15 ÷ 16)**	$ -	$ -	$ -	$ -	0.000%
19		Membership	0		0		
20		**Total Operating Expenditures per Pupil (Membership) (15 ÷ 18)**	$ -	$ -	$ -	$ -	0.000%
21		Enrollment	0		0		
22		**Total Operating Expenditures per Pupil (Enrollment) (15 ÷ 20)**	$ -	$ -	$ -	$ -	0.000%
23		Adjustment to ESEA Entitlements (Refer to Note C below.)					0.000%



ESSA LEA MOE CALCULATION TOOL (Page 4 of 4)

Notes

A The data entered in lines 01 through 15, 17, 19, and 21 must consist of data submitted by the grantee to the TEA via TSDS PEIMS and the data contained in lines 01 through 15 consists of expenditures classified in fund codes 199/420 and object codes in series 6100, 6200, 6300, 6400, 6512 and 6522 (i.e., object code 6500 other than 6512 and 6522 specifically, and all of object code 6600 must be excluded).

B If an LEA is noncompliant with the ESSA LEA MOE requirement, TEA must adjust (reduce) the amount of funds allocated in the upcoming fiscal year under the programs covered by the ESSA LEA MOE requirement in the exact proportion by which the LEA failed to maintain effort. In reducing an LEA's allocation, TEA uses the measure most favorable to the LEA [Sec. 8521 (b)(1) of Elementary and Secondary Education Act (ESEA)].

C ESSA LEA MOE requires LEAs to expend 90% of the last year a LEA was compliant (i.e., the most recent year that an LEA passed at least one of the four tests). Therefore, LEAs must enter expenditure data from the last year that they passed at least one test in the column labelled *"State and Local Expenditures During Applicable Compliant Comparison Year" [Sec. 8521 (b)(2) of ESEA].*

TEA calculates this MOE for school Districts. TEA includes specific expenditures for functions (specified in FAR) in determining whether the District has met the MOE requirement.

"Preceding Fiscal Year" Defined

For purposes of determining MOE, regulations specify that the "preceding fiscal year" is the federal fiscal year, or the 12-month fiscal period most commonly used in a State for official reporting purposes, prior to the beginning of the federal fiscal year in which funds are available. TEA calculates MOE using State and local expenditures for the state fiscal year, or September 1 through August 31.

Failure to Meet MOE

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

Procedures for Complying with MOE

The District complies with guidance provided by TEA pertaining to MOE for ESSA programs. The Chief Financial Officer prepares annual estimates and final reports to review compliance with MOE. During the budget process, estimates may be projected to ensure current and future compliance. Final information is shared with the Federal Program Director and discussed with the Superintendent of Schools.

IDEA-B LEA Maintenance of Effort

This Moe requires local educational agencies (LEAs) to maintain the level of state and local funds they spend to support federal programs from one fiscal year to the next.

Local educational agencies (LEAs), including school districts, must follow certain federal requirements when accepting federal funds. Under the Individuals with Disabilities Education Act of 2004, Part B (IDEA-B), the federal requirements the LEA must follow include maintenance of effort (MOE) and excess costs.

The District will review and utilize the IDEA-B MOE Guidance Handbook and MOE Calculation Tool along with any other training materials provided by TEA to complete the MOE. In most cases this information is updated annually and available on the TEA website. TEA provides the District with reports through the Grants and Federal Fiscal Compliance (GFCC) system to notify the District of compliance status.

LEAs can use the IDEA-B LEA Maintenance of Effort (MOE) Calculation Tool to test their compliance with federal MOE requirements for fiscal year 2022 (school year 2021-2022). The tool provides for four separate test methods to show if an LEA is in compliance:

- Local only (Test 1)
- State and local (Test 2)
- Per-capita local only (Test 3)
- Per-capita state and local (Test 4)

LEAs only need to pass *one* of the four test methods annually to be found in compliance.

TEA employs the same methodology used in the IDEA-B LEA MOE Calculation Tool to annually calculate preliminary IDEA-B LEA MOE Compliance Reviews and encourages LEAs to use the tool as well to determine their annual preliminary IDEA-B LEA MOE compliance. The calculation tool gives an LEA local documentation for independent auditors and other external monitors. Use of the calculation tool demonstrates that the LEA is annually monitoring its own MOE compliance standard requirement, as regulations require.

The IDEA-B LEA MOE Calculation Tool consists of three tabs in an Excel workbook: 1) Instructions, 2) IDEA-B LEA MOE, and 3) Local Only (No Data Entry). Complete the second tab only, IDEA-B LEA MOE, to get results for your LEA. The yellow Local Only (No Data Entry) tab automatically performs the Total Local Only Expenditures calculation and does not permit data entry.

Before you enter any data into the workbook, please note:

- Cells that require data entry are highlighted in orange.
- As you enter data, calculations will automatically be performed, and certain cells will be auto-populated with calculated amounts.
- Results for all four test methods are not complete until you have entered all the required data in the IDEA-B LEA MOE tab.

IDEA-B LEA MOE Tab Instructions:

Page 1 - Summary Calculation (data to be entered by LEA)

1. On Excel row 3, **enter** your LEA's name and six-digit county-district number (CDN).
2. On Excel row 4, **enter** the compliance school year under review.
3. In Excel cell D25, **enter** your LEA's special education student population in the "Special Education Student Count - Compliance Review School Year" field. Use the following PEIMS Fall Data Collection report: PDM1-121-003, TSDS PEIMS Special Education Students by Grade and Instructional Setting and Funding Type. Use the Total number indicated on the IDEA-B line (**not** the Grade Total line).

Page 2 - Last Compliant Year Information (data to be entered by LEA)

1. **Original Required Level of Effort:** Using data from the "Expenditure and Per-Capita Expenditure Report," page 2 of the FINAL IDEA-B LEA MOE Compliance Review for the prior compliance review school year (report found in GFFC Reports and Data Collections via TEAL), enter your LEA's expenditure and per-capita expenditure amounts from the last compliant school year for each test method (Excel cells J6, J8, J10, and J12).

2. **Last Compliant School Year:** Using data from the "Expenditure and Per-Capita Expenditure Report," page 2 of the FINAL IDEA-B LEA MOE Compliance Review for the prior compliance review school year, select from the pull-down list the last school year the LEA was compliant for that test method (Excel cells K6, K8, K10, and K12).

3. **Special Education Student Count - Last Compliant School Year:** In Excel cells L10 and L12, enter your special education student count for the last compliant school year, found on the "Expenditure and Per-Capita Expenditure Report," page 2 of the FINAL IDEA-B LEA MOE Compliance Review for the prior compliance review school year

4. **Amount of Cumulative Exceptions/Adjustments, Intervening Years:** Enter the sum amount of all cumulative exceptions and/or adjustment to fiscal effort that the LEA submitted in all intervening years (years since last being compliant) that were validated by TEA but did not bring the LEA into compliance for a test method. Enter the LEA's cumulative exceptions/adjustments amount, which represents a "carry-forward," only for the test methods with a "*Fail*" compliance result based on page 1 of the Final IDEA-B LEA MOE Compliance Review from the prior compliance review school year (Excel cells M6, M8, M10, M12). The Cumulative Exceptions/Adjustments amount is shown directly under the chart on page 2 of the FINAL IDEA-B LEA MOE Compliance Review for the prior compliance review school year.

Page 3 - Compliance Review School Year Information (data to be entered by LEA)

Enter your LEA's special education expenditures for each function code in Excel cells P6 through P19 for Program Intent Code (PIC) 23, cells Q6 through Q19 for PIC 33, and cells R6 through R19 for PIC 43. Use the amounts for Fund Code 199, PICs 23, 33, and 43 found in the Mid-Year Data Collection report: PDM2-101-002, TSDS PEIMS Actual Compliance Report, LEA-level Data/Unallocated Funds Only, Campuses: ALL. Function 71, class object code 6512 and 6522 expenditures will need to be obtainined through a query of your internal accouting system.

1. If you are member of a special education shared services arrangement (SSA), enter the expenditures paid on behalf of your LEA. Contact your SSA fiscal agent for the amount of special education expenditures paid on behalf of the LEA (PEIMS Record 033; Fund Code 437; Type 11). Enter the amount in one of the PIC columns (23, 33, or 43), Excel cell P20, Q20, or R20. Ask your fiscal agent to provide you with the applicable Mid-Year Data Collection report: PDM2-100-015 TSDS PEIMS Actual SSA Financial Summary by Fund and SSA Type.

2. Enter the amount of the School Health and Related Services (SHARS) reimbursement expended again by the LEA in state and local expenditures for special education services, using the data reported by the LEA on the SHARS Reimbursement Report Survey. Enter the amount as a positive number by reporting the aggregate (total) amount in one of the PIC columns (23, 33, or 43), Excel cell P22, Q22, or R22.

IDEA-B LEA MOE Compliance Review Results

The preliminary results for the four tests will appear on the Summary Calculation, page 1 of the IDEA-B LEA MOE tab, and displays the amount that you may potentially owe to TEA. If your LEA fails all four tests, your LEA is in preliminary noncompliance with MOE requirements. Your LEA must not remit refunds to TEA based on the preliminary IDEA-B LEA MOE compliance review. TEA will notify you in the final compliance review report if your LEA owes a refund and provide additional information at that time.

TEA's Annual IDEA-B LEA MOE Compliance Review and LEA Response Options

Annually, TEA prepares a preliminary IDEA-B LEA MOE Compliance Review and makes it available to LEAs in GFFC Reports and Data Collections. LEAs will be notified of TEA's preliminary IDEA-B LEA MOE Compliance Review through To The Administrator Addressed (TAA) correspondence posted on the TAA page of the TEA website and to GovDelivery subscribers of Grants Administration and Federal Program Compliance (GAFPC).

Your LEA will be responsible for reviewing TEA's preliminary IDEA-B LEA MOE compliance review and comparing it to your own internal review. If you used TEA's IDEA-B LEA MOE Calculation Tool and the correct data sources, your preliminary results will match TEA's. Once you have made your comparison, your LEA will have four options:

Option 1: Accept Results
If 1) your preliminary results match TEA's, 2) you have no allowable statutory exceptions and/or adjustments, and 3) you accept TEA's preliminary results, *then no further action or response is required.* The preliminary results will become the final results.

Option 2: Submit Allowable Exceptions/Adjustment to Fiscal Effort Considerations
If TEA's preliminary results match the LEA's preliminary results but the LEA has allowable statutory exceptions and/or adjustment to fiscal effort to submit for consideration in the final IDEA-B LEA MOE compliance review, the LEA will be given instructions and a timeline to submit all of the following: 1) IDEA-B LEA MOE Certification Form, signed by the superintendent, 2) IDEA-B LEA MOE Exceptions Workbook, and 3) Supporting documentation to justify the amounts reported in the IDEA-B LEA MOE

Summary Calculation
Page 1

0 — Enter CDN

Enter Compliance Review School Year

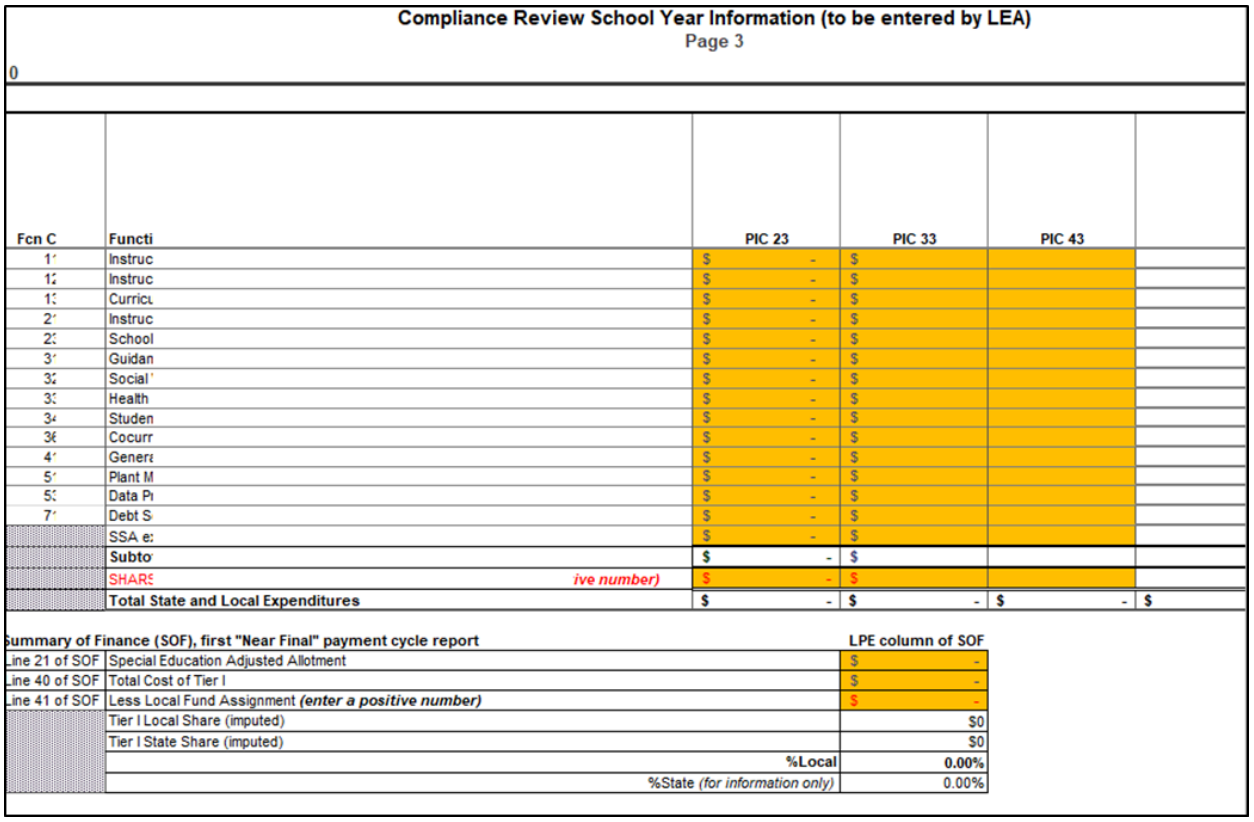
Fcn Code	Function Code Name	Original Required Level of Effort (Actual expenditure & per-capita amounts from last compliant school year for test method. **Populated from page 2 data entry.**)	Actual Level of Effort (Actual expenditure & per-capita amounts for compliance review school year. **Populated from page 3 data entry.**)	Variance (negative amounts only) (Difference between Original Required Level of Effort and Actual Level of Effort)	Amount of Cumulative Exceptions/Adjustments Intervening Years (**Populated from page 2 data entry.**)	Deficiency	Test Result
11	Instruction		$ -				
12	Instructional Resources and Media Services		$ -				
13	Curriculum and Instructional Staff Development		$ -				
21	Instructional Leadership		$ -				
23	School Leadership		$ -				
31	Guidance and Counseling Service		$ -				
32	Social Work Services		$ -				
33	Health Services		$ -				
34	Student (Pupil) Transportation		$ -				
36	Cocurricular/Extracurricular Activities		$ -				
41	General Administration		$ -				
51	Plant Maintenance and Operations		$ -				
53	Data Processing Services		$ -				
71	Debt Service (Include ONLY Object Code 6512 and 6522)		$ -				
	SSA expenditures paid on behalf of member LEA		$ -				
	Subtotal of State and Local Expenditures		$ -				
	less SHARS reimbursement expended in special education		$ -				
Test 2	**State and Local Expenditures (Test 2)**	$ -	$ -	$ -	$ -	$ -	
	Special Education Student Count - Compliance Review Year						
Test 4	**Per-Capita State and Local (Test 4)**	$ -	$ -	$ -	$ -	$ -	
Test 1	**Local Only Expenditures (Test 1)**	$ -	$ -	$ -	$ -	$ -	
Test 3	**Per-Capita Local Only (Test 3)**	$ -	$ -	$ -	$ -	$ -	
	Potential Refund (smallest deficiency of all four tests)			$ -			

Preliminary Status:

Last Compliant Year Information (to be entered by LEA)
Page 2

0

Test Methods	Original Required Level of Effort	Last Compliant School Year	Special Education Student Count - Last Compliant School Year .	Amount of Cumulative Exceptions/Adjustments, Intervening Years
Local Only (Test 1)		Select from pull-down list		
State and Local (Test 2)		Select from pull-down list		
Per-Capita Local Only (Test 3)		Select from pull-down list		
Per-Capita State and Local (Test 4)		Select from pull-down list		
Using data from the "Expenditure and Per-Capita Expenditure Report," page 2 of the FINAL IDEA-B LEA MOE Compliance Review for the prior compliance review school year.	Enter your LEA's expenditure and per-capita expenditure amounts from the last compliant school year for each test method.	Select from the pull-down list the last compliant school year for each test method.	Enter the student count for the last compliant school year.	If the last compliant school year is not 2020-2021, enter the amount of cumulative exceptions and/or adjustment to fiscal effort that the LEA submitted in the intervening years that were validated by TEA but did not bring the LEA into compliance for a test method.



Compliance Review School Year Information (to be entered by LEA)

Page 3

0

Fcn C	Functi	PIC 23	PIC 33	PIC 43	
1	Instruc	$ -	$		
1	Instruc	$ -	$		
1	Curricu	$ -	$		
2	Instruc	$ -	$		
2	School	$ -	$		
3	Guidan	$ -	$		
3	Social	$ -	$		
3	Health	$ -	$		
3	Studen	$ -	$		
3	Cocurr	$ -	$		
4	Genera	$ -	$		
5	Plant M	$ -	$		
5	Data Pr	$ -	$		
7	Debt S	$ -	$		
	SSA e:	$ -	$		
	Subto	**$ -**	**$**		
	SHARS *ive number)*	$ -	$		
	Total State and Local Expenditures	**$ -**	**$ -**	**$ -**	**$**

Summary of Finance (SOF), first "Near Final" payment cycle report		LPE column of SOF
Line 21 of SOF	Special Education Adjusted Allotment	$ -
Line 40 of SOF	Total Cost of Tier I	$ -
Line 41 of SOF	Less Local Fund Assignment ***(enter a positive number)***	$ -
	Tier I Local Share (imputed)	$0
	Tier I State Share (imputed)	$0
	%Local	**0.00%**
	%State *(for information only)*	0.00%

TEA calculates this MOE for school Districts. TEA includes specific expenditures for functions (specified in FAR) in determining whether the District has met the MOE requirement.

"Preceding Fiscal Year" Defined

For purposes of determining MOE, regulations specify that the "preceding fiscal year" is the federal fiscal year, or the 12-month fiscal period most commonly used in a State for official reporting purposes, prior to the beginning of the federal fiscal year in which funds are available. TEA calculates the MOE using State and local expenditures for the state fiscal year, or September 1 through August 31.

Failure to Meet MOE

If the District fails to meet IDEA-B MOE for any given fiscal year, the amount of funds not in compliance must be returned to TEA. The Secretary of Education may waive the requirements for one year due to exceptional or uncontrollable circumstances, such as natural disaster, or a precipitous decline in the financial resources of the District.

Procedures for Complying with MOE

The District complies with guidance provided by TEA pertaining to the MOE. The Chief Financial Officer prepares annual estimates and final reports to review compliance with this MOE. Final information is shared with the Special Education Director and discussed with the Superintendent of Schools.

IDEA-B Excess Costs

The excess cost requirement mandates how much LEAs must expend in state and local funds on special education before being allowed to expend IDEA-B grant funds.

Excess costs are the costs of providing special education and related services to students with disabilities, over and above the average expenditure in a local educational agency (LEA) for an elementary or secondary student. These costs are calculated each year based on expenditures from the most recent prior school year. If the District receives a federal grant awarded under the Individuals with Disabilities Education Act, Part B (IDEA-B), those funds must be used to pay the excess cost of providing special education and related services to students with disabilities.

Except under conditions described in 34 CFR §300.202 (b)(1)(ii), the excess cost requirement prevents the use of IDEA-B funds to pay for the entire cost of providing services to students with disabilities. The District meets the excess cost requirement if at least a minimum average amount is spent for the education of students with disabilities before IDEA-B funds are spent. For practical purposes, IDEA-B funds may be spent simultaneously with state, local, and other federal funds. However, by the end of the fiscal year, your organization must have spent the minimum average amount per student with funds other than IDEA-B.

The District will review and utilize the IDEA-B Part B Excess Costs Guidance Handbook and the Excess Costs Calculation Tool along with any other training materials provided by TEA to complete the MOE. In most cases this information is updated annually and available on the TEA website. TEA provides the District with reports through the Grants and Federal Fiscal Compliance (GFCC) system to notify the District of compliance status.

The District creates a workbook that lists all accounts used to run reports and gather the data required to complete the tool. In addition, the district completes several steps to determine prorated amounts expended at the district level that are attributable to campuses and to determine the costs associated with supporting students with disabilities. The CFO completes these calculations with input from the Special Education leadership team.

District Organization Proration Methodology

- To determine the amount of expenses to attribute to campus organizations, the district expenses in organization codes 699-999 are identified. These are referred to as non-campus-based expenditures by the TEA.
- The applicable Fall PEIMS enrollment counts were identified for elementary (Pre-Kindergarten - Grade 5) and secondary (Grade 6 - Grade 12).
- The number of all elementary students is compared to district enrollment to determine the accurate enrollment percentage of elementary students.
- The same is completed for secondary students.

- The percentages are then applied to district organization expenses to properly prorate the amounts.

Determining Costs for Students with Disabilities

Students receiving special education services are supported and taught by a variety of teachers on campus, not only special education teachers. Teachers who are identified as special education hav a PIC 23/33 coding for their salary, but this is a small percentage of teachers who directly support students in the program.

Many students receiving special education services spend part or majority of their day in the general education setting and receive instruction and accommodations from non-SPED teachers, which may include grade level, subject-area, CTE, and elective teachers.

The district follows the steps below to determine a cost of general education, PIC 11, payroll costs that can be attributed to supporting students in special education who spend the majority of their day in the general education setting.

- The first calculation completed by the CFO is to run all non-IDEA costs with SPED PICs. This is completed by running expenditure reports for funds 199-282 and PICs 23, 33, and 43.
- Next, to account for students receiving SPED services who are served in the general education setting, a separate calculation on PIC 11 costs is completed.
- To determine what percent to apply to PIC 11, PEIMS instructional setting report for the current year is used to determine the number of students within general education settings.
- The number of students in instructional setting 0 and 40 are counted for elementary and secondary. This number is compared to the all student count to determine the percentage of students.
- Instructional setting descriptions are confirmed by the district's SPED leadership team, who indicated students coded to 0 and 40 are within general education settings for content instruction all day.
- A budget report of 199 6119 PIC 11 expenditures is run to determine the cost of general education teacher salaries.

Excess Cost Calculator Tool Instructions

There are two columns in the Excel workbook. The left column is provided for you to calculate excess cost for elementary students. You should calculate excess costs for secondary students in the right column. The procedure described below uses elementary students as an example.

Each column has four boxes. The first three boxes contain cells for data entry. As you complete the workbook, you will enter data into the blue shaded cells in the first three boxes. Values outside the blue shaded cells are calculated automatically. You may print a PDF copy of the Excess Cost Calculator Tool to view as you review the procedure below.

Calculating for Elementary

Box 1

Step 1: At the top right, click the "Grades:" drop-down menu and select the grade range included in your organization's elementary program.

Step 2: In the first two blue cells, enter the State, local, and Federal (including IDEA-B) amounts expended during the **previous** school year for all elementary students (including students with disabilities). Include all expenditures associated with campus level operations and prorate (by enrollment percentages) any non-campus-based expenditures such as central office, district administrators, central transportation facility, etc.

Step 3: In the second two blue cells, enter the amounts from the above expenditures that were for Capital Outlay and Debt Service (i.e. Class/Object Codes 6500 and 6600).

Box 2

Step 4: Enter amounts included in the expenditures entered in box 1 that were from the sources listed in box 2

Box 3

Step 5: In the first blue cell, enter the average number of all enrolled elementary students (including students with disabilites) in the **previous** year.

Step 6: In the second blue cell, enter the number of elementary students with disabilities in the **current** year as determined by the October PEIMS snapshot .

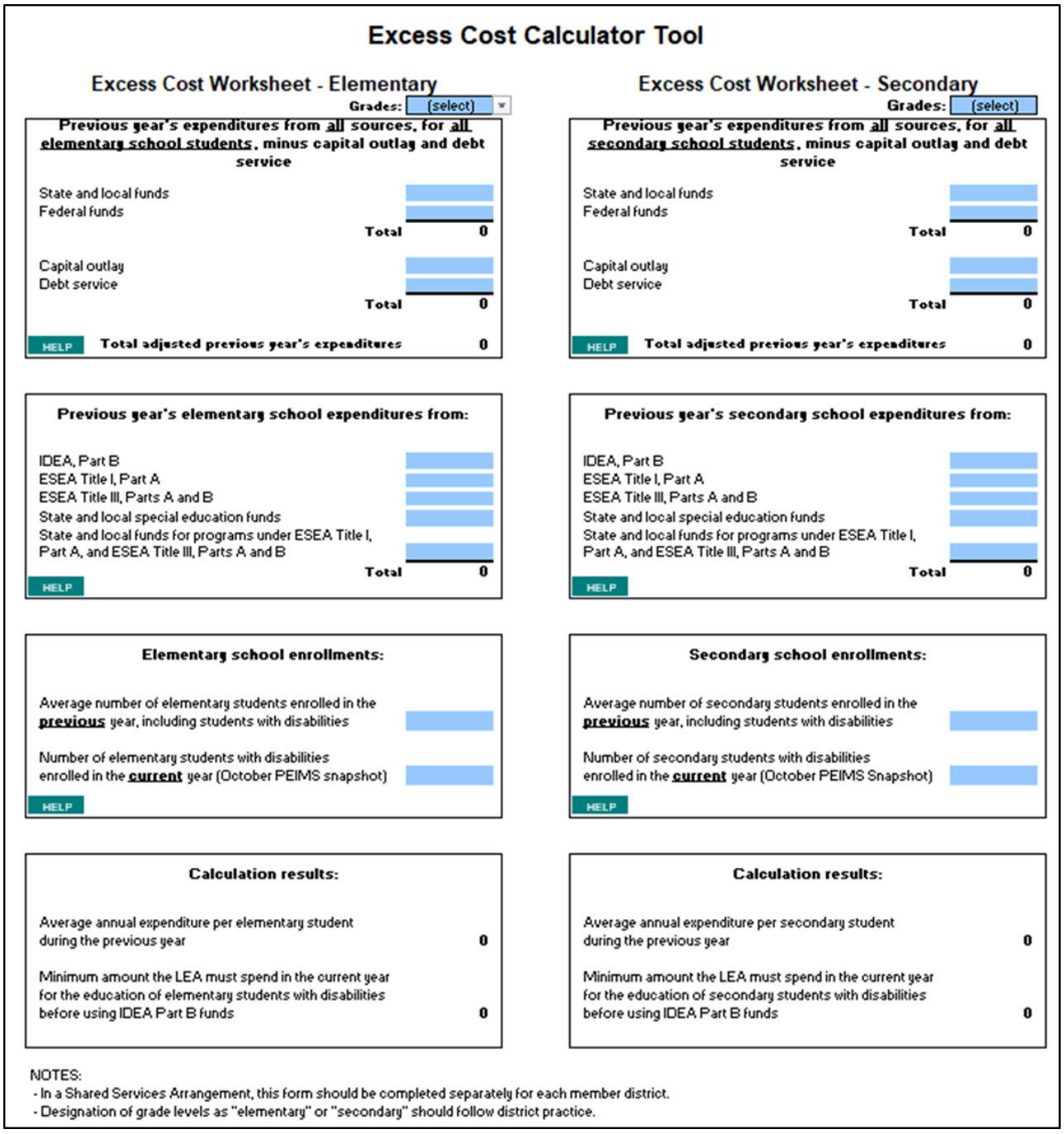
Box 4

The fourth box automatically calculates the previous year's average expenditure per student and the minimum amount the LEA must spend in the current year for the education of elementary students with disabilities before using IDEA-B funds.

Calculating for Secondary

Repeat steps in Boxes 1-4 above, using secondary data, to calculate the excess cost amount for secondary students.

Note: Member local educational agencies (LEAs) should request the Shared Service Arrangement (SSA) Fiscal Agent provide the "Actual Amount Expended on Behalf of Member District" to compute Excess Cost. The SSA Fiscal Agent reports the "Actual Amount Expended on Behalf of Member District" via PEIMS in record 033. The member LEA will need to ensure these amounts are included in the expenditures from all fund sources and included in all of the data figures required in the calculation.



Excess Cost Calculator Tool

Excess Cost Worksheet - Elementary

Grades: (select)

Previous year's expenditures from all sources, for all elementary school students, minus capital outlay and debt service

State and local funds	
Federal funds	
Total	0
Capital outlay	
Debt service	
Total	0
HELP Total adjusted previous year's expenditures	0

Previous year's elementary school expenditures from:

IDEA, Part B	
ESEA Title I, Part A	
ESEA Title III, Parts A and B	
State and local special education funds	
State and local funds for programs under ESEA Title I, Part A, and ESEA Title III, Parts A and B	
Total	0

HELP

Elementary school enrollments:

Average number of elementary students enrolled in the previous year, including students with disabilities	
Number of elementary students with disabilities enrolled in the current year (October PEIMS snapshot)	

HELP

Calculation results:

Average annual expenditure per elementary student during the previous year	0
Minimum amount the LEA must spend in the current year for the education of elementary students with disabilities before using IDEA Part B funds	0

Excess Cost Worksheet - Secondary

Grades: (select)

Previous year's expenditures from all sources, for all secondary school students, minus capital outlay and debt service

State and local funds	
Federal funds	
Total	0
Capital outlay	
Debt service	
Total	0
HELP Total adjusted previous year's expenditures	0

Previous year's secondary school expenditures from:

IDEA, Part B	
ESEA Title I, Part A	
ESEA Title III, Parts A and B	
State and local special education funds	
State and local funds for programs under ESEA Title I, Part A, and ESEA Title III, Parts A and B	
Total	0

HELP

Secondary school enrollments:

Average number of secondary students enrolled in the previous year, including students with disabilities	
Number of secondary students with disabilities enrolled in the current year (October PEIMS Snapshot)	

HELP

Calculation results:

Average annual expenditure per secondary student during the previous year	0
Minimum amount the LEA must spend in the current year for the education of secondary students with disabilities before using IDEA Part B funds	0

NOTES:
- In a Shared Services Arrangement, this form should be completed separately for each member district.
- Designation of grade levels as "elementary" or "secondary" should follow district practice.

Comparability

Comparability of services is a fiscal accountability requirement that applies to local educational agencies (LEAs) that receive funds under Title I, Part A of the Elementary and Secondary Education Act of 1965 (ESEA), as reauthorized by the Every Student Succeeds Act (ESSA) of 2015 Act of 2001 (ESSA). The intent of the comparability of services requirement is to ensure that an LEA does not discriminate (either intentionally or unintentionally) against its Title I schools when distributing resources funded from state and local sources simply because these schools receive federal funds. (TEA Title I, Part Comparability of Services Guidance Handbook)

The Business Services Department, shall conduct the comparability test on an annual basis and complete the Title I Part A Comparability Assurance Document (CAD). If the District determines that it is exempt from the comparability requirements, shall note the exemption on the CAD and submit it to TEA. If the District is not exempt, the department shall complete and submit the Comparability Computation Form (CCF) to TEA by the mid-November annual deadline.

In completing the CAD and CCF, the Chief Financial Officer, shall follow the process outlined below:

- Determine if the District is exempt from the comparability requirement. If so, complete and submit CAD and stop here.
- If not exempt, the comparability testing process should continue as noted below:
    - List all campuses in the CCF comparability testing.
    - Identify all campuses on the CCF as Title I Part A, skipped, or non-Title I Part A.
    - Determine whether to include dedicated EE and/or PK campuses in the comparability testing.
    - Select test method 1, 2, or 3 and use it consistently to all campuses being tested.
    - Complete the CAD for review by the grant management department. After review and approval by the grants management department, the CAD and CCF should be forwarded to the Superintendent for signature.
    - Submit the CAD and CCF to TEA by the mid-November deadline.

If TEA determines that the District is non-compliant, all departments necessary shall work collaboratively to address the non-compliance. In addition, the District shall adjust the budgets and staffing as appropriate until the District is in compliance with the comparability requirement.

Programmatic Requirements

Private Nonprofit School Participation

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

Generally, in accordance with the specific program statute, private nonprofit schools must be

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

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

Equitable Access and Participation

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

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

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

The District complies with the requirements for completing the Equitable Access and Participation schedule in each federally funded grant application. To ensure that all students have access to programs, the District has measures in place. First, all district publications and the webpage have the non-discrimination notice published. This notice allows all district staff and community members to know that access to programs is allowed by all students. A copy of the District's non-discrimination notice can be found on the District's website at www.clintweb.net.

The District's Section 504 Coordinator and Assistant Superintendent of Instructional Services will ensure that notices are placed annually as required and on district publications. The Title IX Coordinator and Director of Human Resources ensure that all programs have equitable access on the basis of gender.

Student Program Access

The campus administration will be responsible to ensure that students, parents and guardians are

given the same access to programs as non-disabled students. The campus administration will meet with students and parents and provide accommodations through the processes listed below to allow students equitable participation. The campus administration will alert the appropriate Cabinet member, Section 504 Coordinator, or Special Education Director of any issues or support that is needed. Every effort will be made to enroll, provide students accommodations, or allocate resources to programs that students have expressed a desire to participate in.

Section 504

Under Section 504 guidelines, the District ensures that students with mental or physical impairments have the same opportunities as students who do not. The District has a district- wide Section 504 Coordinator and each campus has a Section 504 Coordinator. The campus coordinator's role is to hold initial evaluations, conduct re-assessments when requested, and conduct annual reviews of students who are in need of accommodations due to their disability. Accommodations allow students with disabilities access to programs or services in a similar manner as students who do not have a disability.

The Section 504 Committee will make recommendations for accommodations or services; all accommodations and services help students have the same or similar access to programs and activities offered by the District. Section 504 status may be temporary or on-going based on the disability of the student. The Section 504 Coordinator and campus committee provide monitoring to allow students the same access to services. The District's Section 504 Coordinator ensures that all procedures, documentation, and services are provided to students who are eligible under Section 504.

Special Education

Like Section 504, the Special Education program provides students and parents with procedural safeguards which enable students who qualify for special education services the same rights as those students who are in the general education setting. The Admission, Review or Dismissal (ARD) committee meets to provide accommodations or modifications to assist students with access to programs and services. A continuum of services may also be implemented for students who are placed in the Special Education Program to assist with their learning processes. The ARD committee will evaluate and create a plan for each student which documents these services. The ARD Administrator and ARD committee provide monitoring to allow students the same access to services. The District's Special Education Director ensures that all procedures, documentation, and services are provided to students who are eligible under IDEA-B.

Facilities Access

The District ensures that students with disabilities have support and access to resources in a similar manner as students who do not have disabilities. Program Coordinators and Directors review facilities and ensure that students can access the necessary workspace and learning

environments at all times. These supervisors work with campus administration to review classrooms, laboratory sites, specialized units, and work spaces to ensure ADA compliance and safety for all students is in place. Specific work spaces in the Career and Technical Education (CTE) programs are monitored by the CTE Coordinator through classroom observation and program monitoring.

Furthermore, the District utilities checklists provided by the Texas Education Agency during their Program Access Reviews to ensure that handicapped accessible standards are followed according to the age and construction of each building. Depending on the age and compliance level of each site, the Director of Facilities and Construction will ensure that District facilities are compliant. The Director will review signage, handicapped safety mandates, and ADA compliance standards for all facilities where students will be placed.

Any modifications to ensure students have access to programs will be presented to the Executive Cabinet who will plan, budget, and execute the modifications as needed.

Campus maintenance staff, supervisors and the District's Safety specialist review each facility for safety and ADA access for all staff, students, and parents on a routine basis. If areas of need are identified, the appropriate District department will be notified. Areas requiring modification or construction will be referred to the Director of Facilities and Construction for review.

District Transportation

Campus administration will work with the District's Transportation Department to afford access to all activities with the appropriate buses and vehicles. The campuses will ensure that all transportation requests have been reviewed to ascertain if transportation for handicapped students is needed or as indicated by a student committee. The Transportation Department will receive notification through the purchasing system of these requests and will provide transportation to handicapped students as needed. The District is equipped with buses and vehicles that can accommodate any student with a disability safely and comfortably.

Parent Rights

Parents of students can appeal decisions for Special Education, Section 504, or Title IX to the appropriate supervising staff member or utilize the District's grievance progress as specified in policy. Parental questions or complaints should be addressed to the teacher or campus administration, as appropriate. Appeals or complaints regarding the use of specific cases regarding student access to programs should be addressed in accordance with policy FNG (LOCAL). A copy of the policy may be obtained from the principal's office or the central administration office or through Policy On-Line at the following address: www.clintweb.net.

Civil Rights and Prohibition of Discrimination

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

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

Other federal laws that prohibit discrimination include Title II of the Americans with Disabilities Act (ADA) of 1990, which prohibits discrimination on the basis of disability by public entities, whether or not they receive federal funding. The Boy Scouts of America Equal Access Act amends the Elementary and Secondary Education Act (ESEA) of 1965 in the Every Student Succeeds Act (ESSA) of 2015 ,. This Act prevents public schools from discriminating against patriotic youth societies, including Boy Scouts of America, by ensuring equal access to meet on school premises and in school facilities.

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

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

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

Specific discriminatory actions that are prohibited include:

- denying an individual any service or other benefit provided under the program
- providing any service or other benefit to an individual which is different, or is provided in a different manner, from that provided to others under the program
- subjecting an individual to segregation or separate treatment in any matter related to his or her receipt of any service or other benefit under the program
- restricting an individual in any way in the enjoyment of any advantage or privilege enjoyed by others receiving any service or other benefit under the program

- treating an individual differently from others in determining whether he or she satisfies any admission, enrollment, quota, eligibility, membership or other requirement or condition which individuals must meet in order to be provided any service or other benefit provided under the program
- denying an individual an opportunity to participate in the program through the provision of services or otherwise or afford him or her an opportunity to do so which is different from that afforded others under the program
- denying a person the opportunity to participate as a member of a planning or advisory body which is an integral part of the program

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

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

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

The regulations that implement Title VI of the Civil Rights Act for educational institutions are in 34 CFR Part 100. 34 CFR §§ 75.500 and 76.500 and Title VI of the Civil Rights Act of 1964

The Assistant Superintendent of Instructional Services is responsible for coordinating and ensuring compliance with this Act.

Prohibition of Discrimination on the Basis of Sex

Title IX of the Education Amendments of 1972. Title IX protects people from discrimination based on sex in education programs or activities that receive federal financial assistance. Title IX states:

No person in the United States shall, on the basis of sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any education program or activity receiving Federal financial assistance.

The regulations in 34 CFR Part 106 implement the provisions of Title IX. These regulations require that:

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

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

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

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

The Chief Human Resources Officer is responsible for coordinating and ensuring compliance with this Act.

Prohibition of Discrimination on the Basis of Age

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

No person in the United States shall, on the basis of age, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance. The District may not, in any program or activity receiving federal financial assistance, directly or through contractual, licensing, or other arrangements, use age distinctions or take any other actions that have the effect, on the basis of age, of

(1) excluding individuals from, denying them the benefits of, or subjecting them to

discrimination under a program or activity receiving federal financial assistance

(2) denying or limiting individuals in their opportunity to participate in any program or activity receiving Federal financial assistance

These regulations do not apply to

(1) an age distinction contained in that part of a federal, state, or local statute or ordinance adopted by an elected, general purpose legislative body that

(i) provides any benefits or assistance to persons based on age

(ii) establishes criteria for participation in age-related terms

(iii) describes intended beneficiaries or target groups in age-related terms

(2) any employment practice of any employer, employment agency, labor organization, or any labor-management joint apprenticeship training program, except any program or activity receiving federal financial assistance for employment under the Job Training Partnership Act (29 U.S.C. 1501 et seq.).

The regulations do not apply where age is a factor in conducting normal operations of the District. For example, where the District is operating a program or activity that provides special benefits to children, the use of age distinctions is presumed to be necessary to the normal operation of the program or activity.

Age discrimination in employment is covered under the Age Discrimination in Employment Act. Complaints of employment discrimination based on age may be filed with the U.S. Equal Employment Opportunity Commission.

The District must take steps to comply and maintain records demonstrating compliance. The District may be required to submit to the USDE OCR records that demonstrate compliance with the provisions and must also permit on-site access to records by USDE OCR staff to verify compliance. The District must:

- Designate at least one employee to coordinate its efforts to comply with and carry out its responsibilities under the Age Discrimination Act, including investigating any complaint communicated to the recipient alleging its noncompliance with the Act. The District must notify all its students of the name, office address, and telephone number of the employee or employees appointed to carry out the requirements of the Act.
- Adopt and publish grievance procedures providing for prompt and equitable resolution of student complaints alleging any action which would be prohibited by the Age Discrimination Act.

The USDE may conduct compliance reviews, pre-award reviews, and other similar procedures to

investigate and correct violations of the Act and of the regulations, even in the absence of a complaint against the District. The review may be as comprehensive as necessary to determine whether a violation of the regulations occurred.

If a compliance review or pre-award review indicates a violation of the Act or of the regulations, the USDE attempts to achieve voluntary compliance with the Act. If voluntary compliance cannot be achieved, the USDE arranges for enforcement.

Any person who believes to have been the subject of age discrimination may file a written complaint with the USDE OCR not later than 180 days following the alleged discrimination. OCR staff is required to promptly refer the complaint for mediation. If the complaint cannot be resolved through mediation, the USDE will conduct an investigation and attempt to achieve voluntary compliance by the District. If the District does not comply, the USDE has the right to suspend or terminate federal funding for the program affected. The USDE must provide an opportunity for a hearing prior to suspension or termination of the program.

The Act prohibits retaliation for filing a complaint with OCR or for advocating for a right protected by the Act.

An assurance that the District complies with these provisions is included in the TEA General Provisions and Assurances. Age Discrimination Act of 1975; 34 CFR Part 110; and 34 CFR §§ 75.500 and 76.500

The Assistant Superintendent of Instructional Services is responsible for coordinating and ensuring compliance with this Act.

Prohibition of Discrimination on the Basis of Disability

In addition to the Individuals with Disabilities in Education Act (IDEA), there are two other laws pertaining to non-discrimination on the basis of disability:

- Section 504 of the Rehabilitation Act of 1973, which prohibits discrimination on the basis of disability in programs or activities that receive federal financial assistance from the USDE

- Title II of the Americans with Disabilities Act (ADA) of 1990, which prohibits discrimination on the basis of disability by state and local governments, including school Districts, regardless of whether they receive any federal financial assistance

Section 504 of the Rehabilitation Act of 1973, effective May 1977, is widely recognized as the first

civil-rights statute for persons with disabilities. Because it was successfully implemented over the next several years, it helped to pave the way for the 1990 Americans with Disabilities Act. The Americans with Disabilities Act Amendments Act of 2008 (Amendments Act), effective January 1, 2009, amended the Americans with Disabilities Act of 1990 (ADA) and included a conforming amendment to the Rehabilitation Act of 1973 (Rehabilitation Act) that affects the meaning of disability in Section 504.

Section 504 and Title II of ADA are both unfunded mandates with which all school Districts [as well as ESCs and open-enrollment charter schools] must comply. It is important to recognize that while a specific child enrolled in the District may not be eligible for services under IDEA, the child may be eligible for protection under Section 504. Failure to comply with Section 504 could result in costly hearings and potential lawsuits.

Section 504

Section 504 states that no otherwise qualified individual with a disability in the United States shall, solely by reason of her or his disability, be excluded from the participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance.

Section 504 defines individuals with disabilities as "persons with a physical or mental impairment which substantially limits one or more major life activities." However, a student protected under Section 504 may also have a record of such an impairment or be regarded as having such an impairment.

Physical or mental impairment means, including but not limited to, functions of the immune system, normal cell growth, digestive, bowel, bladder, neurological, brain, respiratory, circulatory, endocrine, and reproductive functions. It includes any physiological disorder or condition, cosmetic disfigurement, or anatomical loss affecting one or more body systems, as well as any mental or psychological disorder.

Major life activities were expanded in the Amendments Act and now include:

- caring for oneself
- performing manual tasks
- seeing
- hearing
- eating
- sleeping
- bending
- speaking
- breathing
- learning
- reading
- concentrating

- walking
- standing
- lifting
- thinking
- communicating
- working

The regulations implementing Section 504 in the context of educational institutions appear at 34 CFR Part 104. These regulations require a school District to provide a "free appropriate public education" (FAPE) to each qualified student with a disability who is in the school District's jurisdiction, regardless of the nature or severity of the disability. Under Section 504, FAPE consists of the provision of regular or special education and related aids and services designed to meet the student's individual educational needs as adequately as the needs of nondisabled students are met.

Determining whether a child is a qualified disabled student under Section 504 begins with the evaluation process. Section 504 requires the use of evaluation procedures that ensure that children are not misclassified, unnecessarily labeled as having a disability, or incorrectly placed, based on inappropriate selection, administration, or interpretation of evaluation materials.

School Districts must establish standards and procedures for initial evaluations and periodic re-evaluations of students who need or are believed to need special education and/or related services because of disability. The Section 504 regulations require Districts to individually evaluate a student before classifying the student as having a disability or providing the student with special education. In addition, evaluation and the provision of appropriate accommodations are required regardless of any methods the student might be using to mitigate the impairment.

Costs related to provisions under Section 504 must come from state or local funds. Such expenditure must not be paid from federal grant funds.

Title II of ADA

Title II of the Americans with Disabilities Act of 1990 extends this prohibition against discrimination to the full range of state and local government (including public schools) services, programs, and activities regardless of whether they receive any federal financial assistance.

However, “for purposes of employment”, Qualified Individuals with Disabilities must also meet “normal and essential eligibility requirements”, such that:

“Qualified Individuals with Disabilities are persons who, with Reasonable Accommodation, can perform the essential functions of the job for which they have applied or have been hired to perform.”

"Reasonable Accommodation means an employer is required to take reasonable steps to accommodate [one's] disability unless it would cause the employer undue hardship."

That is, Qualified Individuals with Disabilities must be able to perform the job duties (with reasonable accommodation) associated with the job for which they will be hired.

Enforcement of Section 504 and Title II of ADA

The USDE OCR enforces the provisions of Section 504 and the provisions of Title II of ADA as it applies to LEAs. An assurance that the grantee complies with these provisions is included in the TEA General Provisions and Assurances.

Although the implementing regulations for Title II of ADA in 28 CFR Part 35 are enforced by the U. S. Department of Justice (DOJ), the USDE Office of Civil Rights is designated by the DOJ to resolve complaints filed against SEAs and LEAs.

The Assistant Superintendent of Instructional Services coordinates and ensures compliance with the requirements under Section 504. The Chief Academic coordinates and ensures compliance with the requirements of Title II of ADA.

Section 504 of the Rehabilitation Act of 1973; 34 CFR Part 104; 34 CFR §§ 75.500 and 76.500; Title II of the Americans with Disabilities Act of 1990; Americans with Disabilities Act Amendments Act of 2008; and 28 CFR Part 35

Prohibition of Discrimination of Groups Affiliated with Boy Scouts of America

Under this Act, Districts that sponsor any group affiliated with Boy Scouts of America or any other patriotic youth society must not discriminate against such youth or deny equal access to, or fair opportunity to meet in, school facilities or on school premises. Patriotic youth societies include, among others, Big Brothers Big Sisters, Boys and Girls Clubs of America, Girl Scouts of the U.S.A., and Little League Baseball, Inc. This does not require that the District sponsor a group affiliated with Boy Scouts of America or similar patriotic youth society.

The U.S. Supreme Court has ruled that the Boy Scouts have the right to set their own standards for leadership. Schools must respect that right and not exclude the Boy Scouts because of its membership and leadership policies and oath of allegiance to God and country.

34 CFR Part 108 implements the provisions of the Act. The District shall not deny access or opportunity or discriminate for reasons including the membership or leadership criteria or oath of allegiance to God and country of the Boy Scouts or of a similar patriotic youth society.

Any group officially affiliated with the Boy Scouts or officially affiliated with any other patriotic youth society that requests to conduct a meeting in the District's facilities or on school grounds must be given equal access to school premises or facilities to conduct meetings. Such groups must also be given equal access to any other benefits and services provided to other groups that are allowed to meet on school premises or in school facilities. These benefits and services may include, but are not necessarily limited to, school-related means of communication, such as bulletin board notices and literature distribution, and recruitment.

Any decisions relevant to the provision of equal access must be made on a nondiscriminatory basis. Any determinations of which youth or community groups are outside groups must be made using objective, nondiscriminatory criteria, and these criteria must be used in a consistent, equal, and nondiscriminatory manner.

The USDE OCR enforces the requirements of the Act. ESEA, as Amended by the Every Student Succeeds Act of 2015 Act of 2001, § 9525, Equal Access to Public School Facilities; Boy Scouts of America Equal Access Act; and 34 CFR Part 108.

School Prayer

A related provision applies to constitutionally protected prayer in public schools. As a condition of receiving ESSA funds, the District must certify in writing that no policy of the District prevents, or otherwise denies participation in, constitutionally protected prayer in public elementary and secondary schools. Per statute, the certification must be provided to TEA by October 1 of each year. However, TEA includes the certification in the federal ESSA Consolidated Application each year in the ESSA Provisions and Assurances, thus eliminating the need for LEAs to submit a separate certification.

The provision also requires the Secretary to provide guidance to Districts and to publish the guidance on the Internet. A link to the guidance is provided below ESEA, as Amended by the Every Student Succeeds Act of 2015.

USDE Guidance on Constitutionally Protected Prayer in Public Schools. The Chief Academic Officer coordinates and ensures compliance with the requirements of this Act.

Program Reporting

Federal regulations require that grantees cooperate in any evaluation of the program. 34 CFR § 76.591. States may require subgrantees to furnish reports that the state needs to carry out its evaluation and performance reporting duties. 34 CFR § 76.722. Evaluation reports must include

- the District's progress in achieving the objectives in its approved application

- the effectiveness of the project in meeting the purposes of the program
- the effect of the project on participants being served by the project

Federal regulations also require that grantees, in this case, TEA, submit, at a minimum, annual performance reports to the federal awarding agency. 2 CFR § 200.328. The federal awarding agency may also require quarterly or semi-annual reports. Performance reports must contain, for each grant, brief information on the following:

- a comparison of actual accomplishments to the objectives established for the project period
- the reasons why established objectives were not met, if applicable
- additional pertinent information including, when appropriate, analysis and explanation of cost overruns or high unit costs

Grantees must adhere to the same standards in prescribing performance reporting requirements for subgrantees.

In addition, events may occur between the scheduled performance reporting dates which have significant impact upon the grant activities. 2 CFR § 200.329(e). In such cases, the regulations require the District to inform TEA, and TEA to inform the USDE or other federal awarding agency, if appropriate, as soon as either of the following conditions become known:

- problems, delays, or adverse conditions which will materially impair the ability to meet the objective of the award. This disclosure must include a statement of the action taken, or contemplated, and any assistance needed to resolve the situation.
- favorable developments which enable meeting time schedules and objectives sooner or at less cost than anticipated or producing more beneficial results than originally planned

The USDE or TEA may make site visits as warranted by program needs.

Program reporting requirements are specified in the Program Guidelines accompanying each RFA published by TEA. The program manager/director assigned to the program is responsible for ensuring mechanisms and systems are in place or collecting and analyzing any and all required data and/or information and for reporting such data and/or information in accordance with TEA's requirements.

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)
- Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (2 CFR Part 200)
- USDE's Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (2 CFR Part 3474)
- Federal education program statutes, regulations, and guidance, Texas Education Agency
- United States Department of Labor Davis-Bacon and Related Acts

Appendix

Federal Acquisition Regulation (FAR): Inflation Adjustment of Acquisition-Related Thresholds

October 1, 2025. Amendment of the Federal Acquisition Regulation (FAR) to further implement a statute, which requires an adjustment every five years of statutory acquisition-related thresholds for inflation. The adjustment uses the Consumer Price Index for all urban consumers and does not apply to the Construction Wage Rate Requirements statute, Service Contract Labor Standards statute, performance and payment bonds, and trade agreements thresholds. OFPP, DoD, GSA, and NASA are also using the same methodology to adjust nonstatutory FAR acquisition-related thresholds in 2025.

The micro-purchase threshold increased from $10,000 to $15,000. The simplified acquisition threshold increased from $250,000 to $350,000.

Statement of Exemption
Clint Independent School District
Every Student Succeeds Act (ESSA)
Title I, Part A Supplement, Not Supplant (SNS) Compliance Requirement

Under ESSA Title I, Part A, the LEA must either demonstrate a valid SNS Methodology that is used to allocate State and Local funds to campuses, or have a Statement of Exemption.

Title I Part Statute:
Section 1118(b)(1)
All LEA shall use Federal funds received under this part only to supplement the funds that would, in the absence of such Federal funds, be made available from State and local sources for the education of students participating in programs assisted under this part, and not to supplant such funds.

Guidance on Exemptions:
Based on guidance from the US Department of Education, LEAs that meet one of the situations described in the Statement of Exemption section, below, will not be required to demonstrate a methodology for allocating its State and local funds to its campuses in order to comply with the SNS Methodology requirement for Title I, Part A. The situations described, below, result in Title I neutral situations with regard to campus allocations. Therefore, the SNS requirement at the campus level is met for Title I, Part A purposes, as long as the LEA provides enough State and local resources to its campus(es) to provide a free, public education in the absence of Title I, Part A funds. Title I, Part A funds that are reserved at the LEA level must be used only for Title I, Part A purposes, as indicated in the LEA's approved ESSA Consolidated Federal Grant Application.

Statement of Exemption
The LEA, named above, will not be required to demonstrate a methodology for allocating its State and local funds for the reason listed below:

- ☐ The LEA has only one campus.
- ■ All campuses in the LEA are Title I campuses.
- ☐ The LEA has only one campus in each campus category (Elementary, Middle, High School)
- ☐ All campus categories are exempt, either because all campuses in the category are Title I campuses; all are non-Title I; or the category has only one campus

All campuses in Clint ISD are Title I campuses, therefore the District will not be required to demonstrate a methodology for allocating its State and local funds. This SNS Exemption will remain in effect as long as Clint ISD remains a Schoolwide Campus for Title I, Part A. All campuses are listed below.

Campus Name	Campus #	Grades	Title I Served (Y/N)
Clint High School	001	9-12	Y
Mountain View High School	001	9-12	Y
Horizon High School	004	9-12	Y

Clint Early College Academy	009	9-12	Y
Clint Junior High School	041	6-8	Y
East Montana Middle School	042	6-8	Y
Horizon Middle School	044	6-8	Y
Ricardo Estrada Middle School	045	6-8	Y
W D Surratt Elementary School	101	PK-5	Y
Red Sands Elementary School	102	PK-5	Y
Desert Hills Elementary School	103	PK-5	Y
Montana Vista Elementary School	104	PK-5	Y
Frank Macias Elementary School	105	PK-5	Y
Carroll T. Welch Elementary School	106	PK-5	Y

Dr. Jessie Cline
Printed Name of Authorized Official

Jessie Cline
Signature of Authorized Official

Chief Financial Officer
Title

10/22/2026
Date

The LEA must maintain this completed Statement of Exemption on file, subject to request by an auditor or by TEA staff.

*No changes to campus Title I campuses - 09..01.2026

Public Notification of Nondiscrimination

It is the policy of Clint ISD not to discriminate on the basis of race, color, national origin, sex, religion, handicap or age in its employment practices as required by Title VI of the Civil Rights Act of 1964, as amended; Title IX of the Education Amendments of 1972; and Section 504 of the Rehabilitation Act of 1973, as amended.

For information about your rights or grievance procedures, contact the District's Title IX Coordinator, Chief Human Resources Officer, at 14521 Horizon Boulevard, El Paso, Texas, 79928, 915-926-4000 and/or Section 504 Coordinator at 14521 Horizon Boulevard, El Paso, Texas, 79928, 915-926-4000.