



# **Carrizo Springs CISD State and Federal Programs Manual**

**Approved: October 23, 2023**

A handwritten signature in blue ink that reads 'Dr. J. A. Cervantes'. The signature is written in a cursive style.

**Superintendent**

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## General Information

In its Fiscal Manual, the district has established fiscal procedures that apply to all financial transactions regardless of the funding source. This State and Federal Programs Manual will include specific procedures related to acquiring, expending, and managing state and federal program funds. It is a compilation of State and Federal laws and local policies and procedures. Where this manual may conflict with the other manuals, the most restrictive procedure should be followed.

In accordance with School Board Policy, BP Local, the Superintendent and administrative staff shall be responsible for developing and enforcing procedures for the operation of the District. These procedures shall constitute the administrative regulations of the District and shall consist of guidelines, handbooks, manuals, forms, and any other documents defining standard operating procedures. The Superintendent shall approve this State and Federal Grants Manual on an annual basis, or as appropriate, if federal, state or local changes in regulations or policy warrant immediate changes. **Administrative regulations are subject to Board review but shall not be adopted by the Board. See BP (LOCAL).**

## State and Federal Grant Management

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

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

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

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

## Federal Regulations for Federal Grant Awards

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

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

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

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

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

Generally, 2 CFR Part 200 applies to all programs under the Every Student Succeeds Act (ESSA) and may apply to other US Department of Education grants. To ensure consistency with the EDGAR, the district shall utilize the acronyms and definitions included in the EDGAR for general terms related to the management of federal grant funds. The EDGAR Acronyms and Definitions can be found in **CFR 200.0** through **200.1**, respectively.

At the District level, managing State and Federal Grants shall be a collaborative process between the Curriculum Department, Business Office, and Human Resources Department. Each respective department shall be responsible for their duties and responsibilities as they relate to the management of state and/or federal grants. The duties of each department are listed below in general terms. Additional, specific duties and responsibilities may be listed within specific compliance sections within this manual.

### Business Office

- Assisting with budgeting grants funds. Preparing and posting the initial budget and all amendments to the general ledger.
- Assisting the Curriculum and Human Resources Departments with determining the payroll distribution code(s) for all grant-funded staff.

- Preparing all grant-related financial reports (monthly, quarterly and/or annual).
- Preparing all financial records for the annual financial audit and single audit, as appropriate.
- Ensuring compliance with the FASRG in coding all payroll and non-payroll expenditures.
- Adjusting the general ledger, as appropriate, after the Curriculum Department's reconciliation of the time and effort reports, as appropriate if adjustments are necessary
- Managing the day-to-day cash needs for grant expenditures and drawing-down cash reimbursements, as appropriate
- Managing all purchasing and contractual commitments in compliance with the grant periods and allowable cost principles
- Retaining all financial records for the required length of time (5 years) for audit purposes
- Managing all fixed assets and ensuring compliance with the inventory and disposition federal guidelines
- Maintaining audit-ready payroll employee files for financial audit or single audit purposes, as appropriate
- Assisting with determining the position title, Role ID and other salary information for use in completing the grant application
- Retaining all payroll records for the required length of time (5 years) for audit purposes
- Receive and review Time and Effort documentation to compare to payroll distribution records.

#### Human Resources Department

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

#### Curriculum and Instruction Department

- Working cooperatively with the campus administrative staff to ensure that all grant activities are collaboratively planned and appropriate to each campus.
- Providing supporting documentation for budgeted grants funds. And, submitting all grant amendments to the business office to facilitate budget amendments.
- Assisting the Human Resources Department and Business Office with determining the payroll distribution code(s) for all grant-funded staff.

- Preparing all grant-related programmatic (evaluation) reports (monthly, quarterly and/or annual).
- Ensuring compliance with the FASRG in coding all payroll and non-payroll expenditures.
- Receiving and monitoring the time and effort reports, as appropriate, and submitting adjustments, if any, to the Human Resources Department and Business Office
- Monitoring the spending thresholds throughout the grant period to ensure that the grant activities are being conducted systematically throughout the grant period
- Reviewing and approving all purchasing and contractual commitments in compliance with the grant periods and allowable cost principles
- Retaining all application and programmatic grant records for the required length of time (5 years) for audit purposes
- Providing information to the Human Resources Department and Business Office regarding the number and type of grant-funded positions approved in the grant application by the granting authority
- Verifying with the Human Resources Department that all grant-funded staff meet the Highly Effective Staff federal guidelines, as appropriate (And, all state certification requirements)
- Verifying with the Human Resources Department that all grant-funded staff have a job description with the grant-related duties and funding. (And, that all grant-funded staff sign a job description on an annual basis)
- Verifying with the Human Resources Department the Highly Effective Staff Annual Report and conducting the required public notice or hearing, as appropriate
- Assisting the with determining the position title, Role ID and other salary information for use in completing the grant application

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

## Part I - State Grants

### State Programs – Allotments

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

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

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

▪ <b>Special Education</b>	<b>55%</b>	<b>PIC 23</b>
▪ <b>Career &amp; Technical Education</b>	<b>55%</b>	<b>PIC 22</b>
▪ <b>State Compensatory Education (SCE)</b>	<b>55%</b>	<b>PIC 24-30 (except 25 &amp; 27)</b>
▪ <b>Bilingual/ESL Education</b>	<b>55%</b>	<b>PIC 25</b>
▪ <b>Gifted and Talented</b>	<b>100%</b>	<b>PIC 21</b>
▪ <b>Dyslexia</b>	<b>100%</b>	<b>PIC 37</b>
▪ <b>Early Education Allotment</b>	<b>100%</b>	<b>PIC 36</b>
▪ <b>CCMR Outcomes Bonus</b>	<b>55%</b>	<b>PIC 38</b>

### Budgeting Special Program Allotments

The per-pupil expenditures of federal, state and local funds, including actual personnel expenditures and actual non-personnel expenditures must be in compliance with federal regulations [ESSA and 34 CFR]. As a best practice, the district shall ensure that the appropriate program intent code (PIC) and campus/department organization codes are used during the budget and expenditure processes. Expenditures coded to PIC 99 (undistributed) and Organization Code 999 will be distributed by TEA using a methodology that may include: student enrollment by campus, staff FTEs, square footage of buildings (for functions such as 34, 35, 51, etc.), or other methodology as may be determined by TEA.

During the budget process, the estimated state allotment shall be calculated by the Executive Director for Financial Services based on prior-year special program enrollment, average daily attendance (ADA), and projected revenue based on the most current Summary of Finance template. The Curriculum Department has global oversight of all state special programs and shall be responsible for programmatic compliance of each program. Programmatic compliance shall include but is not limited to: program eligibility, program design, instructional delivery, entry/exit procedures, professional development, and certification.

The Business Office, specifically the Executive Director for Financial Services, shall be responsible for the financial compliance in each of these special programs. Financial compliance shall include but is not limited to: budgeting development & monitoring, approval of expenditures, financial reporting to TEA, financial audit, and purchasing with state allotment funds.

As part of the budget adoption process, the Executive Director for Financial Services shall verify that the proposed budget includes appropriations in each of the special programs of *no less* than the percentages stated above as required direct expenditures for each special program.

### **Program Intent Codes (PICs) – FASRG**

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

#### Basic Services – PIC 1X

- PIC 11 Basic Educational Services

#### Enhanced Services – PIC 2X – 3X

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

\*PIC codes used in Special Education mandated spending requirement

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

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

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



### **Student Special Program Enrollment Reporting (PEIMS)**

The special program enrollment shall be reported to TEA through the PEIMS data submissions. The entry and withdrawal of students in special programs shall be in accordance with TEA's *Student Attendance Accounting Handbook (SAAH)* and the *Texas Student Data Standards (TSDS)*. Upon enrollment and throughout the school year, the Student Information System (Skyward) shall be used to record student enrollment in each special program. The student enrollment record shall include the entry and exit date(s) for all special programs that generate state funding. The curriculum department in collaboration with campus principals shall review the appropriate TSDS reports prior to all PEIMS Submissions to ensure that the student special program enrollment is accurate and reasonable compared to the historical data.

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

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

- |  |  |
|--|--|
| ▪ What the employee will do?           | Determines the function code               |
| ▪ What is the FLSA status of employee? | Determines the object code                 |
| ▪ Where the employee will work?        | Determines the organization code(s)        |
| ▪ Who will benefit?                    | Determines the population served or PIC(s) |

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

During the budgeting process each year, the Curriculum Department shall review an account distribution report and compare it to the campus master schedule. The account distribution report shall reflect the names of all staff, the position, and the percentage assigned to each accounting code. Note, the master schedule shall reflect the teaching assignment for all teachers. All staff assigned to support all students, not specifically served in a special program, shall be coded to the basic program intent code (11). Coding, if any, shall be prepared by the Human Resources Department. [Note. The minimum spend percentages shall be verified again to ensure that the budgeted amount by PIC still meets or exceeds the minimum spend percentage by special program.]

The Curriculum Department shall be responsible to ensure that any changes to staff assignments are submitted to the Human Resources Department. The prior process of verifying the account codes shall occur upon the receipt of assignment changes.

The staff FTEs by special program shall be reported to TEA through the PEIMS data submissions. The Curriculum Department shall be responsible for developing procedures to ensure that all staff, especially instructional staff, has the correct populated served code in the campus master schedule.

### **State Allotment Program Expenditures Compliance**

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

The TEA Special Allotments Monitoring Program (SAMP) methodology shall be used by the Business Office, specifically the Executive Director for Financial Services, to ensure compliance with required spend percentages. The SAMP shall include the supplemental state allotment programs: 1.) Special Education, 2.) Compensatory Education, 3.) Bilingual Education, 4.) Career and Technology Education, 5) Dyslexia, 6) Early Education, 7) CCMR and 8) Gifted and Talented.

Upon receipt of a TEA Preliminary SAMP report, the Executive Director for Financial Services shall review the report and submit any additional information to TEA within 10 days of the report. If the results of a TEA Special Allotments Monitoring Program report indicate that the district did not over a period of three (3) fiscal years, utilize the state allotment program funds in accordance with TEC, TAC or TEA guidelines, the Executive Director for Financial Services in collaboration with the Curriculum Department shall develop a Corrective Action Plan.

## Part II - Federal Grants

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

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

### General Provisions (Conflict of Interest & Disclosure):

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

#### Federal Regulations (EDGAR)

1. The district shall execute an organizational conflict of interest disclosure (signed by the Superintendent) only if the district enters into a relationship with an outside entity as described in the EDGAR organizational conflict regulations. **At this time, the district has no such relationships.**
2. The district has developed a Conflict of Interest Form to be used to disclose employee conflicts related to purchasing, contract management or other expenditure of federal grant funds. EDGAR requires that **employees engaged in the selection, award and administration of contracts disclose conflicts to the district.**

#### State Regulations (State Law)

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

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

#### Local Regulations (Local Board Policy and/or Procedures)

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

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

### **Other Conflict of Interest Requirements**

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

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

In addition, all district employees are prohibited from accepting *unsolicited* gifts or tokens from vendors or other parties who are affected by (or have an interest in) a federal grant award that exceed an nominal (individual) value of \$25 and an aggregate value of \$100 in a fiscal year. The unsolicited gifts or tokens may be a nominal meal, vendor exhibit promotional items, calendars, or other nominal value items other than items prohibited at a public elementary and secondary schools such as drugs, tobacco or alcohol products.

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

## **Pre-Federal Award Requirements:**

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

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

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

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

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

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

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

The Executive Director for Financial Services shall obtain the district's risk assessment level by accessing the GFFC Reports and Data Collections secure application on an annual basis.

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

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

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

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

## **Grant Application Process**

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

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

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

[TEA’s Grant Opportunities webpage](#) provides a wealth of information related to available grants such as:

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

All district staff involved in the management of federal grant awards shall be aware of these resources.

All grant applications originate in the Federal Programs department based on determination of academic program needs and goals. In addition, all grant applications that will support student instruction at one or more campuses, must be developed in collaboration with the respective campus principal(s). Specific grant activities to support the academic program at a campus should be reflected in the Campus Improvement Plan.

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

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

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

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

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

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

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

- grant has been approved by the granting agency and a Notice of Grant Award (NOGA) has been issued to the district; or
- the entitlement grant has been received by the district and the grant application has been submitted to TEA

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

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

The Executive Director for Financial Services shall notify the Program Administrator when the funds have been budgeted and are ready for expenditure by the appropriate campus or department.

### **General Provisions and Assurances**

General Provisions and Assurances apply to all grants administered by TEA. Additional provisions and assurances may apply to specific grants. The Program Administrator shall inform all staff involved in the expenditure of grant funds of the provisions and assurances for each grant program, as appropriate. Numerous resources are available on TEA's Provisions and Assurances webpage at:

[http://tea.texas.gov/Finance\\_and\\_Grants/Grants/Administering\\_a\\_Grant/Provisions\\_and\\_Assurances/](http://tea.texas.gov/Finance_and_Grants/Grants/Administering_a_Grant/Provisions_and_Assurances/)

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

### **Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion**

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

The Executive Director for Financial Services shall verify the eligibility of each vendor with this certification requirement by requesting that the vendor execute a Certification Regarding Debarment Suspension and verifying the status of the vendor in the System for Award Management (SAM.gov) before awarding a contract and/or issuing a purchase order. A copy of the certification form shall be maintained with the contract and/or purchase order for audit purposes.

The Executive Director for Financial Services shall monitor ongoing contracts to verify the contractor's compliance with the debarment, suspension, ineligibility and voluntary exclusion provisions. In the event that a vendor is suspended or debarred during a contract, the district shall continue the contract in force until the contract lapses.

### **Lobbying Certification**

For all federal grants in excess of \$100,000, the district shall certify on the grant application that no federal grant funds are expended for the purpose of lobbying. [Appendix II – H1] The Business Office and Curriculum and Instruction Department shall jointly execute a [Lobbying Certification Form \[Standard Form – LLL: Disclosure of Lobbying Activities\]](#), as applicable, if the district used funds other than federal grant funds for lobbying activities.

The Executive Director for Financial Services shall ensure that all contract award documents with federal grant funds contain the appropriate lobbying certification language.

### **Budgeting Grant Funds**

The Executive Director for Financial Services shall budget grant funds in the appropriate fund code as authorized by [Financial Accountability System Resource Guide](#), or the granting agency, as appropriate. In addition, the object expenditure codes noted on the grant application shall be consistent with the budgeted account codes. **All expenditures shall be made from the correct FASRG object code.**

Budget amendments, if any, shall be approved by the Program Administrator to ensure that the reclassification of funds is allowable under the grant management guidelines related to budget amendments. Some grants allow a transfer of funds, up to 25% of the grant award, but only within



the same object class and if the new object code does not require specific approval from the granting agency.

The TEA Grants Division has developed guidance related to [“When to Amend”](#) grants administered by the TEA. The guidance document is posted on the TEA website at:

[http://tea.texas.gov/Finance\\_and\\_Grants/Administering\\_a\\_Grant.aspx](http://tea.texas.gov/Finance_and_Grants/Administering_a_Grant.aspx).

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

The Program Administrator shall monitor the need for amendments throughout the grant period and prior to the grant amendment deadline, as applicable. If an amendment is necessary for any of the reasons specified by the pass-through entity (TEA) or in federal regulations, the Program Administrator shall initiate the amendment process and collaborate with the Executive Director for Financial Services prior to submission of the grant amendment. The approval process of a grant amendment shall be the same as the grant application process, i.e. the Superintendent shall approve all federal grant amendments.

The Executive Director for Financial Services shall be responsible for ensuring that the finance system budget corresponds to the most recent grant NOGA.

## **Financial and Program Management**

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

### **FFATA Reporting**

The district shall report the following for all federal grant awards, as appropriate. The Executive Director for Financial Services shall be responsible for collecting and reporting the information.

- The following data about sub-awards greater than \$25,000
  - Name of entity receiving award [entity = district]
  - Amount of award
  - Funding agency
  - NAICS code for contracts / CFDA program number for grants
  - Program source
  - Award title descriptive of the purpose of the funding action
  - Location of the entity (including congressional district)
  - Place of performance (including congressional district)
  - Unique identifier of the entity and its parent; and
  - Total compensation and names of top five executives (same thresholds as for primes)
- The Total Compensation and Names of the top five executives if:

- More than 80% of annual gross revenues from the federal government, and those revenues are greater than \$25M annually and
- Compensation information is not already available through reporting to the SEC.

**At the present time, the district has no federal grant sub-awards greater than \$25,000.**

### **Financial Management System**

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

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

### **Records Retention**

The financial management system shall be utilized to store, maintain, and report all required federal grant information. Consequently, the district shall ensure that access to the data is restricted to authorized individuals. In addition, the district shall retain all federal grant records in accordance with the district's Fiscal Manual.

### **List of Federal Grant Awards**

A list of all federal grant awards shall be maintained to include all EDGAR required data (denoted with an \*) and district-required information listed below:

- The CFDA title and number\*,
- Federal award identification number and year\*,
- Name of the Federal agency\*, and
- Name of the pass-through entity\*, if any.
- Grant period (start and end of the grant award)
- Grant award (dollar amount of award)
- Program Administrator for each grant
- Subgrants, if any
- TEA-assigned risk level for each grant, as appropriate
- Applicable federal regulations (OMB A-87 or EDGAR, based on the date of grant award)

On at least a monthly basis, the Executive Director for Financial Services shall review the status of each federal grant fund. The review shall include a comparison of budget to expenditures.

### **Internal Controls**

Internal control is a process, implemented by the district, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

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

The district's Fiscal Manual outlines internal control procedures over financial management and shall be made available to all staff involved in the management of federal grant funds. TEA's Internal Controls Guidance Handbook provides a general overview of internal controls as they relate to the federal grants TEA awards. According to the Handbook, the district must have an effective system of internal controls in place to prevent, detect and reduce the risks of fraud, waste and abuse of federal grant awards.

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

The Executive Director for Financial Services shall be responsible for the annual review and update of the Fiscal Manual.

### **Bonds**

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

The Executive Director for Financial Services shall be responsible for obtaining insurance and/or bonding, as appropriate.

### **Payments from the Granting Agency and to Vendors**

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

The district has determined that it will not accept advanced payments for federal grant funds. Acceptance of advanced payments requires depositing of the funds in an interest-bearing bank account, tracking of interest earnings, and return of all investment earnings in excess of \$500 per year to the granting agency.

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

The draw-down of federal funds shall be prepared and certified by the Executive Director for Financial Services and the Federal Programs Director. To ensure that the district does not draw down any advanced funds, the draw-down shall occur after the 1st of the following month to ensure that all payroll-related liabilities, such as federal taxes and Texas Teacher Retirement System deposits, have been disbursed from the district's bank accounts.

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

The Executive Director for Financial Services shall draw-down federal grant funds on a quarterly basis. **TEA requests that LEAs make timely draw-downs to ensure that funds are being used and that grant activities are being met throughout the grant period.**

### **Cost Sharing or Matching Funds**

The Program Administrator shall ensure that requirements for cost sharing and/or matching funds are approved through the grant approval process prior to the submission of the grant. At a minimum, the Program Administrator, Executive Director for Financial Services, and the Superintendent must approve the commitment of all cost sharing and matching grant funds.

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

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

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

### **Program Income**

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

In the event that the district opts to generate program income as part of a federal grant award in the future, all recommendations for program income activities, shall be reviewed and approved by the Program Administrator and the Executive Director for Financial Services.

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

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

**Period of performance (Obligations)**

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

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

The district's purchasing deadlines outlined in the Fiscal Manual have been established to facilitate the purchase of all goods and services within the fiscal year and/or grant period. The encumbrance deadline for non-federally funded purchases is April 30th of each fiscal year. The purchasing deadline for federally funded purchases will follow this same deadline, unless the deadline is adjusted to fall within the grant's period of performance. At a minimum, the purchasing deadlines for federally-funded purchases shall end approximately two (2) months prior to the end of the grant period to ensure **receipt** and **use** of the goods or services for the intended grant activities.

All obligations with federal grant funds must occur during the grant period. Obligations that occur before or after the grant period are not allowable costs. The obligations must be liquidated in accordance with the grant deadlines, especially as they relate to the final draw-down of federal grant funds.

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

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

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

### **Procurement Standards and Expenditure of Grant Funds**

Procurement with and expenditure of grant funds shall be through the documented purchasing, finance or payroll department processes in place for non-grant funds and shall have additional requirements as noted below to ensure full compliance with federal regulations, specifically the Procurement Standards in EDGAR.

The district shall comply with the general procurement requirement of the EDGAR (2 CFR 200) **effective July 1, 2018 and amended in November 2020**. The district shall utilize a purchase order and encumbrance system to manage the expenditure of all federal grant funds. All purchases shall be in accordance with the district's School Board Policies (CH Legal and Local) and the district's **Purchasing Procedures**. **The district purchasing procedures shall comply with all federal, state, and local procurement requirements. If a conflict arises between the federal, state and local requirements, the stricter requirement shall prevail.**

The district shall adhere to state law and federal guidelines related to competitive procurement of grant purchases. Specifically, the district shall comply with the Texas Education Code, Chapter 44 regarding the authorized competitive procurement options available to school districts. In addition, any competitive procurement requirements specific to a federal grant must also be adhered to for all grant purchases. For example, a federal grant may require that all purchases and/or contracts that exceed \$100,000 be approved by the granting agency before approval of a purchase order or contract.

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

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

guidance regarding the FASRG Account Code Structure is available on the TEA Website ([www.tea.texas.gov](http://www.tea.texas.gov)) and the district's [Chart of Accounts Reference Guide](#).

The Program Administrator for each federal grant shall be responsible for the programmatic and evaluation compliance and the Executive Director for Financial Services shall be responsible for the financial compliance.

### **Federal Regulations - Education Department General Administrative Regulations (EDGAR)**

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

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

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

### **State-Administered Federal Grant Guidelines and Requirements**

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

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

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

### **Procurement Tracking and Documentation**

The Executive Director for Financial Services shall be responsible for ensuring compliance with all federal, state and local procurement requirements and for ensuring that the district maintains an up-to-date procurement history to include, but not limited to, the information below for all federal-funded purchases

- \*Rationale for the method of procurement
- \*Selection of contract type
- \*Contractor selection or rejection
- \*Basis for the contract price
- List of all procurements by type
- Like-item category (commodity code)
- Advertisement date(s) of the procurement
- Release date of the procurement specifications
- Selection criteria for vendors

- Opening date of the procurement
- List of vendors submitting a proposal/bid
- Selection of Vendor
- Date of contract award
- Begin date of contract
- End date of contract
- Contract Amount

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

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

### **Purchasing Efficiency Strategies**

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

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 federal or state excess/surplus property supplies or equipment in lieu of purchasing new supplies or equipment, as appropriate
- Utilizing value-engineering in construction projects to seek cost reductions
- Develop vendor selection criteria to select the best vendor
- Develop a tracking system of all informal and formal procurements
- Avoid “time and materials” contracts if other alternatives exist
- Monitor vendor performance to ensure that the vendor provides the services and/or goods, as appropriate
- Ensure that all contract and vendor disputes are resolved in the most advantageous manner
- Minimize the risk of jurisdictional issues by ensuring that all contracts would be litigated in a court within the county, city and/or state, as appropriate

The district has determined that its procurement systems comply with the Procurement Standards.

### **Conflict of Interest**

The Superintendent shall execute an Organizational Conflict of Interest document to disclose if any conflicts exist in the application, receipt of, or expenditure of federal grant funds. **An organizational conflict of interest does not apply to the district at this time – there are no parent, affiliate or subsidiary organizations related to the district.**

Each employee, Board member, or agent of the District who is engaged in the selection, award, or administration of a contract supported by a federal grant or award and who has a potential conflict



of interest as defined at Code of Federal Regulations, title 2, section 200.318, shall disclose to the District, in writing, any conflict that meets the disclosure threshold in Chapter 176 of the Local Government Codes. A Conflict of Interest Form should be completed to disclose any conflicts, as appropriate.

No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest. In addition, no employee, officer or agent of the district may solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontractors. All employees shall comply with the Educators' Code of Ethics (DH Exhibit). Violators of the Code of Ethics shall be subject to disciplinary action, including but not limited to, termination of employment with the district.

### **Vendor Competition**

The Business Office shall be responsible for selecting and awarding contracts to vendors that are qualified to provide the goods and/or services to be purchased with federal grant funds. The vendor selection process shall ensure that the district does not restrict competition among qualified vendors.

#### *Vendor Selection Criteria*

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

- Past experience with the district
- Cost of goods and services, including future costs of maintenance
- Vendor's financial stability and position as it relates to the ability to provide the goods and/or services
- Small, minority, woman-owned, or labor surplus area firms
- Other criteria as appropriate

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

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

#### *Vendor Database*

A vendor database shall be maintained by the Business Office by the Executive Director for Financial Services. The district's Purchasing Procedures shall be adhered to for all purchases.

Vendor selection shall include the following criteria:

- Has not been debarred or suspended by the State of Texas or federal government
- Is licensed or registered with the State of Texas to perform the contracted services, as appropriate
- Has obtained the minimum insurance limits and/or bonding established by the district, as appropriate

- Has disclosed any felony convictions and/or criminal history, as appropriate

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

- Vendor application file (new vendors)
- Form W-9 – Internal Revenue Service
- Conflict of Interest Questionnaire (CIQ) – Texas Ethics Commission
- Vendor Certifications (for non-federal)
- EDGAR Certification (for federal)
- Fingerprinting (If working directly with students)
- Criminal Background and Fingerprinting (if working directly or indirectly with students)
- Certificate of Insurance (with the District as additional insured) if services will be rendered on district property

#### *Vendor Management*

A vendor database shall be maintained by the Executive Director for Financial Services with oversight by the Executive Director for Financial Services. The Executive Director for Financial Services shall provide oversight for adding and maintaining approved vendors.

#### *Bid and Proposal Specifications*

The district shall develop written bid/proposal specifications that are provided to every qualified vendor to ensure consistency in the procurement process. At no time shall the district allow a specific vendor to develop the bid/proposal specifications as this may provide a barrier to open competition among the qualified vendors. The bid/proposal documents must include guidance to vendors regarding the following:

- Time, date, and place of bid/proposal opening
- Anticipated award date, as applicable
- Written specifications and addendums, as appropriate
- List of all bid/proposal required documents such as CIQ, Felony Conviction Notice, etc.
- Bid/Proposal Sheet
- Bid/Proposal evaluation criteria, including the weights, as applicable
- Other documents, as appropriate for a specific bid/proposal

The Executive Director for Financial Services shall oversee all bid/proposal documents before release to the vendor to ensure the documents comply with the federal requirements.

#### **Procurement Methods**

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

The procurement method shall be determined based on the type of goods or services to be purchased with federal grant funds. The Executive Director for Financial Services shall be responsible for selecting the appropriate procurement method for each procurement.

**The district shall adhere to the *most restrictive* federal regulations, state laws, local policies and/or procedures when the guidance documents are in conflict.**

#### *Procurement Levels and Requirements*

The district has developed and implemented a [Carrizo Springs CISD Purchasing Levels and Requirements Chart](#) for non-federal and federally-funded purchases. The chart includes the following data:

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

The threshold shall be determined by expenditures for “like-items” in the aggregate over a fiscal year (September 1<sup>st</sup> through August 31<sup>st</sup>). The Executive Director for Financial Services shall review expenditures from all district funds by “like-item” to monitor that the district does not exceed any “like-item” categories. The district has elected to use a coding system for “like-items” that are locally defined [Commodity Codes](#). The commodity code shall be entered during the requisition process for items purchased off contract.

The Executive Director for Financial Services shall review annual expenditures from all district funds (local, state and federal) after the close of the fiscal year to determine if any additional “like-item” categories should be added for the following fiscal year.

#### **Micro-Purchase Procurement Method**

Micro-purchases may be awarded without soliciting competitive price or rate quotations if the non-Federal entity considers the price to be reasonable based on research, experience, purchase history or other information and documents it files accordingly.

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

The **Procurement by Micro-purchase** may be the most frequently used method due to the frequent purchase of goods or services that are less than \$10,000 in the aggregate. The district shall purchase goods and services under this method from among qualified vendors, but will not competitively procure the micro-purchases, unless in the aggregate in a 12-month period (fiscal year), the district exceeds federal or state law thresholds, or the district’s threshold in Board Policy CH Legal or Local.

The district shall distribute micro-purchases equitably among qualified vendors to the maximum extent possible and shall ensure that the price is reasonable.

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

The **Small Purchase Procedures** shall be used by the district when the purchase of goods or services do not exceed \$250,000, the Simplified Acquisition Threshold. The Business Office shall require written, emailed, or faxed quotations from multiple qualified vendors for all small

purchases, i.e. purchases that do not exceed \$50,000 [the state law threshold which requires a competitive procurement]. Note. The quotes can be from multiple vendors within a qualified purchasing cooperative or different purchasing cooperatives to meet both the EDGAR and state law requirements for competitive procurement.

The district shall strive to obtain small purchases from qualified vendors under a Cooperative Purchasing Program. Even though these cooperative purchasing programs have competitively procured the vendor contracts, the district shall compare the pricing among the vendors to select the best quality and price. The district must still obtain at least 2 quotes to ensure compliance.

The Executive Director for Financial Services maintains the List of Purchasing Cooperatives that includes the cooperative programs the district currently participates in.

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

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

- Bids must be solicited from an adequate number of bidders, but no less than two (2) bidders
- Bids must be publicly advertised and bidders shall be provided an adequate amount of time to prepare and submit their bid. Local criteria shall include:
  - The district shall publicly advertise all bids in accordance with state law, i.e. at least two (2) times in two separate weeks
  - The district shall provide no less than ten (10) days for bidders to prepare and submit their bids
- Bids must contain detailed specifications to ensure that bidders have a clear understanding of the goods or services that the district is seeking to purchase
- Bids must specify the time, date, and district location where bids will be opened publicly
- Bids must be awarded based on a fixed price contract to the lowest responsive and responsible bidder. The district shall consider discounts, transportation costs, and life cycle costs only if these factors were included in the bid specifications. The district will consider payment discounts because the district does routinely take advantage of payment discounts.
- Bids will be evaluated, ranked, and a recommendation for award made to the School Board at a regularly scheduled board meeting.
  - If no bidder is recommended, the district shall reject all bids and evaluate whether to modify the bid specifications to initiate a new bid process
- The district shall notify the successful bidder and process the contract documents and/or purchase orders, as appropriate
- The district shall notify all of the unsuccessful bidders to ensure that qualified bidders are encouraged to submit bids during future bid opportunities

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

#### *Competitive Proposal Procedures – Over \$250,000*

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

- Requests for Proposals (RFP) must be publicly advertised
- The RFP shall identify the evaluation factors and their weight in awarding the proposal
- Proposals shall be solicited from an adequate number of bidders, but no less than two (2) qualified vendors
- Proposals shall be evaluated, ranked, and a recommendation for award made to the School Board at a regularly scheduled board meeting
  - The district shall develop an instrument to evaluate each proposal and rank the proposals based on the evaluation scores
  - The district shall evaluate each proposal by committee or no less than two (2) district staff with knowledge of the RFP specifications
  - In accordance with state law, the vendor who is ranked highest as providing the “proposal most advantageous to the district” shall be notified of the potential award
    - The district may negotiate with the vendor only as it relates to potential cost savings
    - If the district and vendor cease to negotiate, the district shall notify the vendor in writing before starting to negotiate with the 2<sup>nd</sup> highest ranked vendor.
- The district shall notify the successful proposer and process the contract documents and/or purchase orders, as appropriate
- The district shall notify all of the unsuccessful proposers to ensure that qualified bidders are encouraged to submit bids during future bid opportunities

#### *Noncompetitive Proposal Procedures*

The Procurement by Noncompetitive Proposal method shall be used by the district when the purchase of goods or services is from a sole source vendor. A sole source vendor is defined as a vendor that meets the following requirements:

- The acquisition of property or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold.
- The goods or services are only available from a single source
  - The district shall acquire and maintain a copy of a vendor’s sole source letter which specifies the statutory or other reason for its sole source status
  - The [TEA Division of Grants Administration Request for Noncompetitive Procurement \(Sole Source\) Approval Form](#) shall be utilized to request prior approval of a non-competitive, sole source proposal.

- A public exigency or emergency will not permit a delay resulting from the competitive solicitation process. The district shall declare a public exigency or emergency prior to making such as purchase of goods or services under this method.
- The granting agency or pass-through entity authorized the use of a non-competitive proposal method
  - The district shall obtain written approval/authorization from the granting agency or pass-through entity.
- After solicitation of a number of sources, competition is determined to be inadequate
  - The district shall determine that competition is inadequate if after two (2) solicitations of bids and/or proposals, only one vendor is responsive to the solicitations.

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

*Other Procurement Guidelines*

Vendor Preferences

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

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

The Executive Director for Financial Services shall ensure that vendor preferences are included in all specifications, purchase orders and contracts, as appropriate.

Vendor Restrictions

The Executive Director for Financial Services and the Technology Director shall review and approve all telecommunication contracts for goods and services with federal grant funds to include the following:

- Recipients and subrecipients are prohibited from obligating or expending loan or grant funds to:
  - Procure or obtain;
  - Extend or renew a contract to procure or obtain; or
  - Enter into a contract (or extend or renew a contract) to procure or obtain equipment, services, or systems that uses covered telecommunications equipment or services as a substantial or essential component of any system, or as critical technology as part of any system. As described in Public Law 115-232, section 889, covered telecommunications equipment is telecommunications equipment

produced by Huawei Technologies Company or ZTE Corporation (or any subsidiary or affiliate of such entities).

- For the purpose of public safety, security of government facilities, physical security surveillance of critical infrastructure, and other national security purposes, video surveillance and telecommunications equipment produced by Hytera Communications Corporation, Hangzhou Hikvision Digital Technology Company, or Dahua Technology Company (or any subsidiary or affiliate of such entities).
- Telecommunications or video surveillance services provided by such entities or using such equipment.
- Telecommunications or video surveillance equipment or services produced or provided by an entity that the Secretary of Defense, in consultation with the Director of the National Intelligence or the Director of the Federal Bureau of Investigation, reasonably believes to be an entity owned or controlled by, or otherwise connected to, the government of a covered foreign country.

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

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

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

The Executive Director for Financial Services shall be responsible to ensure that all purchases above this threshold are guaranteed with the appropriate bid guarantee, performance bond and payment bond.

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

The district shall retain all records related to the procurement of goods and services in accordance with federal, state and local requirements. In addition, all procurement records shall be available for inspection and/or audit during the life of the records.

## **Property Standards and Management**

The district shall safeguard all property (capital assets and inventory) purchased with federal grant funds under the same guidelines as property purchased with non-federal funds. Additional insurance for property purchased with federal grant funds shall be acquired if specifically required by a federal grant award. The Executive Director for Financial Services shall oversee the acquisition of insurance for all federally funded property.

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

### **Federally-funded Capital Assets**

The district has not and will not use federal grant funds to purchase real property. If the district owns and/or purchases real property, the title to the real property acquired or improved under a federal award will vest upon acquisition with the district.

The district may use federal grant funds to purchase capital assets (tangible and intangible assets) and supplies if approved by the granting agency. The district shall not use federal grant funds to purchase intangible property. If the district purchases intangible property, the title to the intangible assets vest upon acquisition with the district.

The federally-funded capital assets shall be used only for the authorized purposes and shall be disposed of, at the end of the useful life or end of the grant period, in accordance with the grant award guidelines. The district shall not use the federally-funded capital assets to generate program income. The purchase of capital assets shall be recorded in the appropriate object code (63XX or 66XX) in accordance with the FASRG and any local-use account codes.

### **Federally-funded Supplies**

The federally-funded supplies shall be used only for the authorized purposes. Supplies shall include all non-assets such as consumable supplies and non-consumable inventory (equipment with a unit cost from \$1,000 to \$4,999). Any residual (unused) supplies, in excess of \$5,000 in total aggregate value, at the end of the grant program or project may be used for any other federal grant program. Otherwise, the supplies shall be retained by the district or sold but must reimburse the granting agency for the district use or sale of the supplies. The district shall implement purchasing deadlines for the purchase of federally-funded supplies to ensure that residual supplies are not available at the end of the grant period or project. The purchasing deadlines are posted in the Fiscal Manual. The purchase of supplies shall be recorded in the appropriate object code (63XX), in accordance with the FASRG and any local-use account codes.

### **Capitalization Policy and Definitions**

#### Capital Assets

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

- *Capital assets* means tangible or intangible assets used in operations having a useful life of more than one year which are capitalized in accordance with GAAP.
- *Equipment* means tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or \$5,000.



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

### **Acquisition Cost**

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

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

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

### Inventory Items

The district has also defined “inventory items” as items with a unit cost between \$1,000 and \$4,999. These items shall have a tag affixed to the item for inventory tracking and insurance purposes only. Inventory items shall include computing devices within these costs. The district shall track these items for insurance purposes and shall conduct an annual inventory of these items to the extent possible. Purchases of inventory (taggable) shall be made from object code 6398 accounts.

### Consumable Supplies

Consumable supplies shall include technology-related “walkable” or “personal use” items with a unit cost less than \$1,000 such as i-Pads, Chromebooks, and computers (these items shall be tracked by the inventory system). Consumable supplies, including the walkable and personal items with a unit cost less than \$1,000, shall be made from object code 6399 accounts.

## **Identifying and Tracking Federally-Funded Assets**

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

- District-issued tag (or identification number)
- Date of acquisition
- Description of asset
- Serial number, or other identifying number
- Funding source, i.e. fund code
- Federal use of asset (percentage)
- Cost of asset (acquisition cost)
- Use and condition of the asset (New, Used, etc.)
- Location of asset (building and room number)
- Owner of asset title, typically the district
- Disposition data including the date of disposal and sale price of property

### *Maintaining Capital Asset Inventory & Records*

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

The district requires an annual inventory (or more frequently if required by a granting agency) of all capital assets and reconciliation of the asset reports.

The district's annual inventory of capital assets shall be conducted by the Business Office. Lost, damaged, or stolen assets shall be recorded on the fixed assets database with the date of the loss. The disposition records such as the loss report (police report for thefts) shall be maintained with the capital asset records.

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

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 Executive Director for Financial Services shall be responsible for maintaining the fixed asset database of all district assets, including all federally-funded assets.

## Cost Principles

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

The [General Provisions for Selected Items of Cost \(Cost Principles\)](#) are available on the Department of Education EDGAR webpage.

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

- Costs must be reasonable and necessary
  - A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost.
  - Necessary is defined as costs needed to carry out the grant activities
- Be allocable to Federal awards
- Be authorized or not prohibited under State or local laws or regulations.
- Conform to any limitations or exclusions set forth in these principles, Federal laws, terms and conditions of the Federal award, or other governing regulations as to types or amounts of cost items.
- Be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit.
- Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
- Except as otherwise provided for in EDGAR, be determined in accordance with generally accepted accounting principles.
- Not be included as a cost or used to meet cost sharing or matching requirements of any other Federal award in either the current or a prior period, except as specifically provided by Federal law or regulation.
- Be the net of all applicable credits.
- Be adequately documented.

The district shall utilize the Federal Pre Acquisition Form, in which upon approving, the Program Administrator is assuring that the indicated proposed obligations and expenditures meet the Cost Principles.

## Cost Allocation Plan and Indirect Cost Rate

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

All district costs with federal grant funds, whether direct or indirect, shall meet the minimum requirements of allowability. In addition, the costs must meet the general provisions for selected items of cost. Specific items not listed within these procedures shall be evaluated by the Program Administrator and the Executive Director for Financial Services on case-by-case basis for allowability. The general cost allowability rules for specific items of cost listed within these procedures shall apply to all federal grant funds, unless more restrictive allowability rules are required by a particular federal grant award.

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

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

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

## **Total Costs**

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

District costs generally fall under two major categories: compensation/benefits; and non-compensation (supplies, services, travel/miscellaneous or equipment).

## **Compensation & Benefit Costs**

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

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

### *Compensation Plan*

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

The compensation for grant-funded staff shall be allocated to the respective grant program (fund) based on the single and/or multiple cost objectives performed by the grant-funded staff. If a grant-funded staff member performs non-grant activities during the day or beyond the normal work day, the compensation for the non-grant activities shall be paid from non-grant funds. Grant-funded staff

with more than one cost objective, shall comply with the Time and Effort documentation requirements. Incentive payments, such as performance, perfect attendance, safety, etc. for grant-funded staff shall be allowable with federal grant funds if they are based on the same criteria as non-federal grant funded staff.

#### *Allowable Compensation Costs*

Compensation costs shall be allowable if:

- The costs are reasonable for the services rendered and conforms to the established district compensation and benefit plans for expenditures with all other funds
- The employees have been employed in accordance with the district's established Hiring Procedures
- The costs are supported by the appropriate timekeeping, absence tracking, time & effort certifications, or other documentation as appropriate
- Federally-funded employees shall report all outside employment or professional services rendered to other entities. The external employment and/or professional services shall not conflict with the federally-funded activities with the district
- Incentive compensation, such as stipends, awards, early resignation incentive, attendance incentive, etc. are in accordance with the district's written plans for each of these incentives
  - Stipend compensation for other non-federal grant award duties shall be supported by a Supplemental Duty Agreement. The additional duties shall not conflict with the federally-funded activities with the district.

#### *Substitute Teachers*

Salary expenditures for substitute teachers are allowable for approved teacher positions. The Human Resources Department and Business Office shall ensure that the expenditures for substitute teacher costs are budgeted and expensed from the appropriate account code(s). The School Board approved Compensation Plan shall be used to compensate all substitute teachers whether paid from local, state or federal grant funds.

#### *Stipends and Extra Duty Pay*

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

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

The Human Resources Director in collaboration with the Executive Director for Financial Services shall ensure that the expenditures for stipend and extra duty pay are budgeted and expensed from the appropriate account code(s).

#### *Allowable Benefit Costs*

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

- All benefit costs shall be in accordance with the district's Benefits Guide, except for any benefits that may be specifically excluded in a federal grant award

- All leave benefits shall be in accordance with the district's written Leaves and Absences Policy (DEC Legal and Local) and administrative procedures
- The benefit costs shall be distributed equitably at the same allocation rate (percentage) as the base compensation
- The benefit costs were earned and paid during the grant period
- All benefit costs shall be allowable under the Internal Revenue Service, Fringe Benefits Guide (and subjected to taxes, as required by federal statute)

#### *Non-Allowable Benefit Costs*

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

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

#### **Documentation of Compensation and Benefit Costs**

In addition, to the time and effort reporting requirements, the district shall support all compensation and benefit costs paid with federal grant funds shall be supported by the following documentation:

- Exempt staff
  - Employment agreement, contract, or reasonable assurance, as appropriate
  - Job description signed by the employee indicating the funding source
  - Supplemental duties, if any, shall be supported by a Supplemental Duty Agreement
  - Absence records, if any
  - Time and Effort documentation, as appropriate
- Non-Exempt staff
  - Employment agreement, contract, or reasonable assurance, as appropriate
  - Job description signed by the employee indicating the funding source
  - Absence records, if any
  - Time and Effort documentation, as appropriate
  - Timekeeping records (actual work hours per workweek) in accordance with the FLSA and the district's Timekeeping Procedures.

#### *Timekeeping Records*

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

The Human Resources Department shall ensure that all timekeeping records are properly submitted before payroll disbursements are made to federally-funded staff. The timekeeping

records for exempt staff may include supplemental pay sheets for additional assignments such as summer school, tutoring, professional development, etc. in accordance with the Payroll Procedures.

The timekeeping records for non-exempt staff shall comply with the FLSA. Specifically, all non-exempt work hours must be submitted in accordance with the Payroll Procedures and recorded through the district's timekeeping system.

The Program Administrator, District PEIMS/Data Specialist, Human Resources Director, Payroll & Benefits Specialist, and Executive Director for Financial Services shall work collaboratively to ensure that the Role ID and salary object codes reflected on the grant application (Payroll Summary) are consistent with the HR, payroll, finance, and PEIMS records.

### **Approval of Payroll Expenditures**

The process of approving payroll expenditures from grant funds shall be a collaborative process between the campus or department, Human Resources, Curriculum and Instruction, and the Business Office. Each campus and/or department plays an essential role in ensuring that all federal grant requirements are met.

### **Selection of Grant-Funded Staff**

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

#### *New Positions*

New grant-funded positions shall be created only when a job description has been developed and approved by the Superintendent, Human Resources Director and the Program Administrator. The Program Administrator shall ensure that the position is approved on the grant application and that adequate funds exist to fill the position.

The Human Resources Department and the Business Office shall be notified to ensure that the position is budgeted on the general ledger and the position is paid using the correct payroll account distribution codes.

#### *New Hires*

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

The Program Administrator shall review the request to ensure that the position is still authorized and necessary and that adequate funds remain to replace the position. Changes to the job description, if any, shall be made at this time. After approval from the Program Administrator and the Curriculum and Instruction Department, the Human Resources department shall advertise the position.

The screening and selection process shall include a review of the recommended applicant to ensure that he/she meets the any federal grant staff requirements such as the Highly Effective requirements under the Every Student Succeeds Act (ESSA), as appropriate, or any other grant-specific credentials. The district shall utilize the TalentED System to advertise all new positions and collect employment applications and supporting documentation.

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

#### *Transfer of Personnel*

When staff in a position funded with grant funds is recommended for transfer to another campus, department, or assignment, the Curriculum and Instruction Department, Human Resources Department, and Business Office shall work collaboratively to ensure that the appropriate staff allocations and funding changes are made at the time of the transfer. The home campus or department shall initiate the request for the transfer, especially if it is a teaching assignment change to another campus. The Curriculum and Instruction Department, Human Resources Department, and Business Office must evaluate the requested transfer to ensure that the staff allocations, Highly Effective staff requirements, and funding source changes are in compliance with grant requirements and activities.

#### **Job description for all grant funded staff**

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

#### **Roster of all grant funded staff**

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

The home campus or department, Curriculum and Instruction Department, Human Resources Department, and Business Office shall work collaboratively to ensure that the roster accurately reflects that data maintained in their respective area of responsibility. Discrepancies, if any, in the roster shall be brought to the attention of the Program Administrator.

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



- Campus or department – ensure that the grant funded staff are assigned in the position title as noted on the roster. The master schedule or assignment of instructional staff must support the position title and funding source.
- Human Resources – ensure that the position title and salary are correct as noted on the roster. In addition, the HR department shall ensure that each grant funded staff member has a signed job description on file for the position title noted on the roster. And, the HR department shall ensure that all grant-funded staff meet the state’s Certification or are Highly Effective, as appropriate.
- Business Office – ensure that the funding source(s) and salary are correct as noted on the roster. The Business Office shall ensure that the payroll distribution account code(s) are in accordance with the FASRG.
- Program Administrator – ensure that the positions are authorized on the grant application and that the PEIMS Staff Data submitted to TEA is consistent with the position title, Role ID and object code.

The review shall occur at least at the beginning of each semester of the school year to ensure that the roster of grant funded staff is accurate and up-to-date throughout the year.

### **Budgeting of grant funded staff**

The roster of grant funded staff shall be the basis for budgeting of grant funded staff. The percentage of time in each funding source shall be utilized by the Human Resources Department to create and enter the salary portion of the grant budget and enter the payroll distribution account code(s). Additionally, the Executive Director for Financial Services shall ensure that the Grant Personnel Schedule of the grant application matches the budget and payroll account code(s).

The Curriculum and Instruction Department, Human Resources Department, and Business Office shall work collaboratively to adjust the budget and payroll account code distributions of grant funded staff if the time and effort documentation consistently reflects that the percentage(s) across the funding source(s) is not a true reflection of the normal work schedule.

### **Time and Effort Documentation**

District staff funded wholly or partially with federal grant funds shall comply with federal guidelines related to time and effort. The grant funded staff, their immediate supervisors, Curriculum and Instruction Department, Human Resources Department, and Business Office shall be aware of the federal guidelines related to time and effort documentation.

The district shall collect and monitor time and effort documentation for district employees only.

**Time and effort documentation does not apply to Independent Contractors.**

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

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

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

The timeline for semi-annual certifications shall cover a 6-month period. The 6-month period shall be determined per academic semester to coincide with teaching assignments each semester. The Curriculum Department shall oversee the completion of the semi-annual certifications.

Any certifications that reflect a percentage other than 100% shall be forwarded to the Business Office for adjustment of the grant payroll expenditures for the certification period. NOTE: Steps should also be taken to ensure that the staff member's work schedule is adjusted to 100% grant related, or is changed from the semi-annual certification method to time and effort reporting. The Curriculum Department shall retain the certifications for audit purposes.

The Payroll & Benefits Specialist shall post an accounting adjustment through the payroll system in Skyward to correct the account distribution code(s) as appropriate.

*Time and effort requirements for staff split funded (funded from more than one (1) cost objective and/or grant programs)*

Time and effort applies to employees who do one of the following:

- Do not work 100% of their time in a single grant program
- Work under multiple grant programs
- Work under multiple cost objectives

These employees are required to maintain time and effort records **or** to account for their time under a substitute system. Employees must prepare time and effort reports at least monthly to coincide with pay periods. Such reports must reflect an *after-the-fact* distribution of 100 percent of the *actual* time spent on each activity and must be signed by the employee. Charges to payroll must be adjusted to coincide with preparation and submission of the interim expenditure report required for TEA discretionary grants.

Substitute systems for allocating salaries and wages may be used in place of time and effort reports. Substitute systems may include but are not limited to random-moment sampling, case counts, or other quantifiable measures of employee effort. Substitute systems that use sampling methods must meet acceptable statistical sampling standards.

Documentation of rationale and calculations for allocating salaries and wages must be maintained for audit purposes. It is recommended that a copy of a certified public accountant's approval of a substitute system be kept on file for documentation. An unacceptable or invalid substitute system could result in an audit finding and the return of grant dollars to TEA.

The Payroll & Benefits Specialist shall post an accounting adjustment through the payroll system in Skyward to correct the account distribution code(s) as appropriate to reclassify the expenditures as noted on the reconciliation of the time and effort report(s). According to federal regulations, the final amount charged to each grant award must be accurate, allowable, and properly allocated.

The Business Office shall post all variances greater than 10% to the general ledger on a monthly basis; otherwise, the variances shall be posted prior to the final expenditure report.

**NOTE. The business office shall use caution to avoid excess drawdown of grant funds due to unallowable payroll costs if timely adjustments to the general ledger are not posted prior to the drawdown of funds.**

#### *Time and Effort Substitute System*

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

The district has opted to use the Time and Effort Substitute System at this time.

### **Non-Payroll Costs**

Non-payroll costs are defined as expenditures other than salaries and benefits. Direct non-payroll expenditures include contracted services, supplies, travel, and equipment. The expenditure of federal grant funds for non-payroll costs shall adhere to the district's purchasing policies and procedures. In addition to the normal purchasing process, all grant funds must be approved by the Program Administrator for each respective grant program, as appropriate.

All purchases with federal grant funds shall be in accordance with the district purchasing procedures.

### **Purchase Requisitions**

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

### **Purchase Orders**

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

The types of purchase orders are noted below:

- Purchase Order - A binding contract and promise to pay, using encumbered funds, for goods or services requested from an approved vendor.
- Blanket Purchase Order - An open purchase order for ongoing purchases that encumber a fixed amount of dollars with the same vendor.
- Not to Exceed Purchase Orders - A one-time use purchase order to purchase goods or services not to exceed a specific dollar amount noted on the purchase order.

## **Approval of Purchase Orders**

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

The approval levels in Skyward vary by PO group. The initiator is responsible for selecting the correct PO group for the purchase. Purchase orders utilizing grant funds include an approval by the Program Administrator.

The district shall adhere to the normal approval path for purchase orders with non-grant funds. The Executive Director for Financial Services shall ensure that all purchase orders have been competitively procured as required by law; and, that the expenditure (PO) has been approved by the governing body, as appropriate [Note. School Board Policy CH Local has established the threshold of contract approval by the School Board at \$50,000.]

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

In addition, all purchase orders with grant funds shall be reviewed and approved by the appropriate Program Administrator. The Program Administrator review of purchase requisitions/purchase orders shall consist of the following:

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

## **Purchase Order Deadline(s)**

In an effort to meet all obligation and liquidation requirements of grant funds, the district has established an April 30th purchase order deadline. This deadline shall be adhered to by all purchase order originators. A campus principal or department head may impose an earlier deadline for their respective campus or department.

A different purchase order deadline may be required for federal grant funds to ensure that all purchases occur within the grant period (obligation period).

### **Receipts of Goods and/or Services**

No payment shall be made to a vendor for goods and/or services unless the receipt of the goods and/or services have been verified and documented. Once the end-user is satisfied with the delivery of goods or services, the white copy of the purchase order should be signed as certification that delivery was received and payment is authorized. The purchase order is then matched with the original vendor invoice and forwarded together to the Accounts Payable Secretary for payment and closure of the purchase order.

For acceptance of services, the requester shall inspect that the work has been accomplished according to the agreed upon terms and conditions and scope of work. Acceptance of partial completion should not be made unless previously agreed upon by the district and vendor in the contract and/or agreement for services.

If the campus or department determines there is damaged merchandise or a discrepancy exists, they should notify the vendor immediately and attempt to resolve the discrepancy. If the discrepancy is discovered during or after inspection or unpacking, the vendor should be contacted in a timely manner. It is the end user's responsibility to contact the vendor and attempt to resolve deficiencies. If satisfactory results are not obtained in a timely manner contact the Business Office.

### **Non-Purchase Order Purchases**

The district shall utilize non-purchase order methods to obtain goods such as credit cards, petty cash, direct payments, etc. as authorized in the district's business procedures. All of the purchases shall be subject to pre-approval by the originator (campus principal or department head), Business Office, and Program Administrator.

- Credit cards (may be used for federal grant purchases if pre-approved prior to the purchase),
- Petty cash, and
- Payment Authorization

#### *Credit Card Purchases with Grant Funds*

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

The end-user shall follow the Purchase Card Procedures in the Fiscal Manual which require an approved purchase order before a purchase is made.

Fraudulent credit card purchases made with federal grant funds shall be grounds for disciplinary action, up to and including termination of employment. The appropriate legal authorities shall also be notified by the Executive Director for Financial Services for criminal prosecution, as appropriate. Accidental use of a credit card to make an unauthorized purchase with federal grant funds may be subject to similar disciplinary action but shall require immediate (within 2 days from date of

discovery) restitution to the district. **The fraudulent or accidental charges will not be charged to a federal grant fund, nor drawn-down as allowable expenditures.**

#### *Petty Cash Purchases with Grant Funds*

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

#### *Payment Authorization Form (PA)*

In the event that a purchase order is not appropriate for a payment the requester shall submit a Payment Authorization Form. These procedures shall not be used for products or services already received by the requestor. The Payment Authorization Form shall be approved and coded by the appropriate budget manager and approved by the Executive Director for Financial Services and the Program Administrator.

#### **Approval of Disbursements/Expenditures**

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

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

#### **Selected Item of Cost – Contracted Services**

Contracted services generally include services provided by a non-district employee. All contracted services shall be in compliance with the Professional Services Costs federal regulations. Federal regulations require that professional and consultant services be rendered by individuals of a particular professional or that possess a special skill who are not employees of the district.

#### **Contracted Services - Definitions**

A *contract* is defined in EDGAR as a legal instrument by which the district purchases property or services needed to carry out the project or program under a federal grant award. *Professional services* are defined in the Texas Government Code (Chapter 2254) as services within the scope of the practice of accounting, architecture, land surveying, medicine, optometry, professional engineering, real estate appraising or professional nursing. In addition, it includes professional services in these areas by a person who is licensed or registered in the state. Other *contracted services* shall be defined as services by a non-employee or entity that do not meet the professional services definition. The district's Fiscal Manual shall be adhered to in procuring, evaluating, selecting and awarding, and monitoring contracts.

#### **Contract Review and Approval**

All contracts and professional services agreements funded with federal grant funds shall be reviewed and approved in accordance with the district policies and procedures for all non-grant funds. For example, if School Board Policy requires that all contracts that exceed \$50,000 be approved by the Board of Trustees, all federal grant contracts that exceed \$50,000 shall also be approved by the Board.

The Business Office shall review and approve all contracts.

#### *Federal Regulations Review*

The Program Administrator and the Business Office shall review and approve all contracted/consultant services agreements for compliance with federal regulations regarding professional service costs. The contract review shall consist of the following:

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

The final approval authority for all contracts shall be the Superintendent, unless the contract is over \$50,000, then the final approval authority shall be the Board of Trustees through approval at a regularly scheduled or special board meeting.

#### *Contract Form and Required Contract Provisions*

Unless the contractor provides a contract form, the district shall utilize the Independent Contractor Agreement to execute a contract for services. The agreement (contract) shall include the following, but may include other contract provisions, as appropriate.

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

- Signatures

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

- The contract is only effective upon receipt by the district of the NOGA from the awarding agency.
- The contract period is aligned to the grant period of availability as stated on the NOGA from the awarding agency (period of availability).
- All services will be completed during the effective dates of the contract.
- All services will be invoiced monthly after services are received (rather than paid lump sum at the beginning of the period of availability before services are rendered) and paid upon verification of receipt of services.
- The regulations for procurement are followed in issuing the contract.
- All professional services provided under the contract will follow the provisions for professional service costs.
- The administrative costs charged to the grant in the contract must comply with any limitations for administrative costs for funding sources (if applicable).
- 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.

In addition, the contract provisions shall include:

- The contract shall not have multi-year extensions without a "non-appropriation of funds" cancellation clause
- The contract extensions, if included, shall restrict the contract renewals and/or extensions to either a "sole discretion of the district" or "mutual agreement" and not an "automatic renewal".
- All products created as a result of the district shall be vested in the district and the district shall retain all intellectual property rights

### **Contractual Obligation**

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

### **Selected Item of Cost – Travel Expenditures**

The district shall use federal grant funds for travel costs. All travel-related expenditures from grant funds shall comply with the allowable federal cost principles, the State Texas Travel Guidelines, School Board Policy (DEE Legal and Local) and the district's Fiscal Manual.



Federal regulations define travel costs as: *expenses for transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of the non-Federal entity [district]. Such costs may be charged on an actual cost basis, on a per diem or mileage basis in lieu of actual costs incurred, or on a combination of the two, provided the method used is applied to an entire trip and not to selected days of the trip, and results in charges consistent with those normally allowed in like circumstances in the non-Federal entity's non-federally-funded activities and in accordance with non-Federal entity's written travel reimbursement policies.* The district has determined that all travel costs shall be paid and expensed using a combination of the two as defined in the district's travel procedures.

The allowable rates of reimbursement shall be the lesser of the federal rates or local rates. For example, if the federal rate of reimbursement for mileage is 58 cents but the local rate established in Board Policy DEE Local is 50 cents, the maximum rate of reimbursement for mileage with federal funds shall be the local rate of 50 cents. The district has elected to use a set mileage rate as defined in the Fiscal Manual.

The travel-related expenditures with grant funds shall fall within the grant obligation period, unless a specific exception is allowable by the granting agency. NOTE. No travel expenditures shall be recorded on the general ledger for a federal grant fund until AFTER the travel event has occurred and the actual travel expenditures are known and supported by documentation. Travel pre-paid or advanced expenditures shall be recorded in a pre-paid account (object code 1410) in the federal grant fund. Pre-paid or advanced travel expenditures, if any, shall not be drawn-down for reimbursement until **AFTER** the travel event.

### **Travel Expenditures with Grant Funds (Staff)**

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

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

- All travel expenditures shall be reasonable and necessary to carry out the federal grant activities
- A completed Travel Voucher for all travel expenses
- Submission of a purchase requisition for all anticipated travel expenditures to encumber the anticipated expenditures
- Submission of documentation and receipts to support *actual* travel expenditures within 10 days of the travel event
- Travel expenses shall not be recorded as travel expenses in a federal grant fund until “after the travel event” in compliance with the Obligation Rules.
  - The district has chosen to record travel expenses as “pre-paid expenses (1410)” until after the travel event in the respective federal grant.

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

### **Travel Expenditures with Grant Funds (Students)**

Educational field trip expenditures require pre-approval from the federal granting agency or pass-through entity. Requests for educational field trip travel shall be submitted on TEA Division of Grants Administration Request for Specific Expenditure Approval: Educational Field Trips for TEA-administered federal grants or the federal granting agency, as appropriate. The Program Administrator shall prepare and submit the pre-approval forms in accordance with local travel procedures.

### **Allowable Travel Expenditures**

- Registration fees – registration fees shall be allowable if the event is directly related to grant activities. Registration fees may be expensed only during the grant period as travel expenditures (64XX). Recreational or social events subject to an additional fee, above and beyond the registration fee, shall not be allowed with local, state, or federal grant funds.
- Meals – meal expenses for overnight travel (in accordance with local travel guidelines) shall be allowed for district employees and students. **Non-overnight travel meals expenses shall not be allowed.** The district shall reimburse meal expenses, subject to the GSA limits or local limits, on an actual cost reimbursement basis. The traveler shall submit the actual meal detailed receipts with the Employee Travel Reimbursement Form for reimbursement. The meal per diems shall be adjusted in accordance with IRS regulations regarding the day of departure/return and meals provided as part of the registration fee.
- Lodging – lodging expenses for overnight travel (in accordance with local travel guidelines) shall be allowed if reasonable, necessary and directly related to federal grant activities. The district shall pay for lodging expenses up to the GSA limits with federal grant funds. The district shall not pay the actual cost of lodging in excess of GSA limits. Receipts shall be required for all lodging expenses. Recreational or personal services such as gyms, spas, etc. shall not be allowed with local, state or federal grant funds.
- Transportation – transportation expenses shall be allowed for *reasonable* expenses such as flights, rental car, taxi, shuttle, mileage reimbursement, etc. (in accordance with local travel guidelines) and federal grant regulations. Receipts shall be required for all transportation expenses to the extent that a receipt is available. Transportation expenses shall be reasonable, necessary and limited to the guidance in the cost principles.

### **Unallowable Travel Expenditures**

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

- Supplies and/or other conference resources. (This type of expense may be allowable as a supply expenditure if a purchase order is submitted and approved before the travel event, typically an Open PO not to exceed a specified amount.)
- Alcoholic drinks or beverages
- Entertainment expenses, such as in-room movies, fee-based hotel amenities such as gyms, spas, resort fees, etc.
- Expenses for spouses or other non-district employees

- Expenses due to the traveler’s failure to cancel a registration or travel arrangements (except for extenuating circumstances – if allowed due to extenuating circumstance only local funds may be used for the expenses)
- Hotel Internet charges (unless expense is work-related and pre-approved on travel authorization – if allowed, the charges shall be expensed to local funds)
- Non-substantiated or fraudulent travel reimbursement requests shall be non-allowable travel expenses from federal, state or local funds. Travelers who submit fraudulent travel reimbursement requests shall be subject to disciplinary action, up to and including termination of employment.

In addition, in accordance with EDGAR, no federal, state or local funds shall be used for travel expenditures of non-district staff such as spouses. “Family-friendly” travel costs such as dependent care costs may be allowable with federal grant funds under EDGAR; the district shall not allow any “family-friendly” travel expenditures with federal grant funds.

### **Out-of-State Travel**

Out-of-state staff travel expenditures require pre-approval from the federal granting agency or pass-through entity. Requests for out-of-state travel shall be submitted on TEA Division of Grants Administration Request for Specific Expenditure Approval: Out-of-State Travel or other federal granting agency prior to the travel event. The district shall allow out-of-state travel with federal grant funds.

The Program Administrator shall prepare and submit the pre-approval forms and submit approved forms with the Travel Authorization Form.

### **Review and Approval of Travel Expenditures**

The Program Administrator shall review and approve all travel-related expenditures paid with federal grant funds. The Program Administrator review shall consist of the following:

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

### **Financial Monitoring and Reporting**

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

- Compliance with federal requirements such as cost principles, audit, reporting requirements, etc.

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

### **Monitoring of Grant Purchases and Expenditures**

The Program Administrator shall monitor the expenditures during the grant period to ensure that the funds are spent in a systematic and timely manner to accomplish the grant purpose and activities.

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

*In accordance with federal regulations the non-Federal entity [district] must submit performance reports at the interval required by the Federal awarding agency or pass-through entity to best inform improvements in program outcomes and productivity. Intervals must be no less frequent than annually nor more frequent than quarterly except in unusual circumstances, for example where more frequent reporting is necessary for the effective monitoring of the Federal award or could significantly affect program outcomes. Annual reports must be due 90 calendar days after the reporting period; quarterly or semiannual reports must be due 30 calendar days after the reporting period. Alternatively, the Federal awarding agency or pass-through entity may require annual reports before the anniversary dates of multiple year Federal awards. The final performance report will be due 90 calendar days after the period of performance end date. If a justified request is submitted by a non-Federal entity, the Federal agency may extend the due date for any performance report.*

The Program Administrator shall be responsible for compiling and submitting all federal program performance reports as required by the federal granting or pass-through agency.

Auditing findings or deficiencies shall be addressed in a timely manner upon receipt of the notification. The Business Office, Human Resources, and Curriculum Department staff shall work collaboratively to develop and implement a Corrective Action Plan to resolve the findings or deficiencies. The Superintendent, or designee, shall approve the Corrective Action and monitor the timely implementation of corrective strategies.

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

### **Draw-down of Grant Funds**

The district shall on at least a monthly basis, or as allowed or required by the grant guidelines, draw-down grant funds that have been spent in accordance with the grant guidelines. The draw-

down shall be for all allowable and documented expenditures to date, less grant funds received to date, as verified by a financial general ledger.

**NOTE: The expenditures shall be net of all refunds, rebates, discounts, credits, and other adjustments, if any. Rebates from corporate card programs shall also be applied to federal grant awards based on an allocation method (percentage of expenditures by fund group).**

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

- The expenditure has been made as evidenced by distribution of a paycheck to a grant funded staff member or mailing, e-paying, or delivering a payment to a vendor.
- Monthly payroll liability payments such as federal taxes, Social Security/Medicare taxes, Teacher Retirement System, wage garnishments, and insurance/elective deductions have been distributed, as appropriate.
- Accrued wages (2161) and accrued liabilities (2211) shall be deducted from the expenditures reflected on the general ledger.

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

#### *Initiation and Approval of Draw-Down Request for Reimbursement*

The draw-down of grant funds from the granting agency shall be initiated by the Executive Director for Financial Services. A detailed summary general ledger of each grant fund should be generated to determine if the district is entitled to draw-down funds, i.e. if the granting agency owes the district any funds. The Chief Academic and Technology shall review and approve all draw-down requests.

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

The Executive Director for Financial Services shall prepare the journal ledger entry and the Accountant shall post the to the finance general ledger.

If additional documentation of an electronic draw-down is required by the granting agency, the district shall comply with the additional requirements. For example, TEA as an oversight agency, at times requests supportive information related to a drawn down such as a detailed general ledger, narrative justification, or summary of expenditures by object code. Upon a request from the TEA, the Executive Director for Financial Services shall respond to the request within the allotted time to avoid designation as a “high risk” grantee.

**Note. TEA issues a Risk Assessment to each district on an annual basis. The district’s most recent Risk Assessment is “Medium”.**

#### *Final Draw-Down Request for Reimbursement*

The final draw-down of grant funds from the granting agency shall be made within the allowable timeframe. Unless the Federal awarding agency or pass-through entity authorizes an extension, a non-Federal entity must liquidate all obligations incurred under the Federal award not later than

90 calendar days after the end date of the period of performance as specified in the terms and conditions of the Federal award. The grant liquidation guidelines shall be adhered to in making final payment for all goods and services received and *placed into service* before the end of the grant period.

The final draw down process shall be the same as a monthly or periodic draw down, except that all refunds, rebates, credits, discounts, or other adjustments to the general ledger must be recorded in the general ledger prior to submitting the final draw down request. The final draw-down shall be reviewed and approved in the same manner as a periodic draw-down.

**NOTE: There shall be no outstanding purchase orders or pending liquidations at the time of the final draw down of grant funds.**

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

#### *Certification of Draw-Down Requests for Reimbursement*

Federal regulations (**CFR 200.415**) require that the district certify the accuracy of the annual and fiscal reports or vouchers requesting payments be signed by the authorized individual(s). The Executive Director for Financial Services and the Federal Programs Director shall jointly certify every draw-down of funds, including the final expenditure report (draw-down of funds) by signing the reimbursement report.

#### *Missed Deadline for Draw-Down Requests for Reimbursement*

If a final draw-down deadline is missed, the Executive Director for Financial Services shall contact the granting or pass through agency to determine if a process exists to request a filing deadline extension.

**NOTE: TEA has developed procedures to request an extension for filing expenditure reports. The request form must be completed, signed by the Superintendent, and filed with TEA within 30 days of the final expenditure report deadline.**

#### *Recording Draw-Down Requests for Reimbursement Receivables*

The receivable from the granting agency shall be recorded in the general ledger. State grant receivables shall be recorded to object code 1241 and federal grant receivables shall be recorded to object code 1242. The same process for preparation and posting of the general ledger entry as a periodic draw-down shall be adhered to.

**NOTE: The revenues realized and the expenditures should be equal at the time of the final draw down of grant funds.**

#### *Receipt of Grant Funds*

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

The district shall record all grant fund receivables upon receipt from the granting agency. The receipt of grant funds shall be posted to the general ledger to the appropriate receivable account code. In the event that the grant funds received do not match the recorded receivable, the Executive Director for Financial Services shall contact the granting agency to determine the discrepancy. If the granting agency has reduced and/or increased the grant funds paid to the district, a general ledger adjustment shall be posted to the appropriate revenue and receivable accounts. The Executive Director for Financial Services shall prepare the adjusting journal ledger entry and the accountant shall post the entry to the finance general ledger.

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

### **Grant Compliance Areas**

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

### **Supplement, Not Supplant**

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

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

The district process to ensure that all grant funded activities are supplemental shall be a collaborative effort between the Curriculum Department and the Business Office . Both departments shall receive training and be aware of the supplement not supplant provisions.

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

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

The Program Administrator shall review and approve all purchase orders (and non-purchase order payments). The Program Administrator 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 before/after 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 included the grant application that are above and beyond the activities funded with local funds
- The grant funds will be used to supplemental grant activities as noted on the DIP or a CIP.

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

### **Comparability**

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

The Executive Director for Financial Services shall conduct the comparability test on an annual basis and complete the Title I Part A Comparability Assurance Document (CAD), as appropriate.

**NOTE: The district is currently exempt from the comparability requirements.** If the district is not exempt, the Executive Director for Financial Services shall complete and submit the Comparability Computation Form (CCF) to TEA by the mid-November annual deadline.

In completing the CAD and CCF, the Executive Director for Financial Services 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 deadline

If TEA determines that the district is non-compliant, the Program Administrator and the Executive Director for Financial Services shall work collaboratively to address the non-compliance. In addition, the district shall adjust the budgets as appropriate, until the district is in compliance with the comparability requirement.



## **Indirect Cost**

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

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

## **Maintenance of Effort**

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

### *ESSA MOE*

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

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

### *IDEA-B MOE*

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

The Executive Director for Financial Services shall compute the MOE using the [TEA IDEA-B LEA MOE Calculation Tool](#) during the budget adopted process and at the end of the fiscal year. Non-compliance with IDEA-B MOE will result in a reduction of IDEA-B funds in the exact proportion by which the district fails to meet the MOE requirement; therefore, the Business Office shall plan for the reduction of grant funds at the local level. If the IDEA-B MOE falls below the required level, the Business Office and Curriculum Department shall collaborate to develop a plan to bring the district into compliance with the MOE requirements.

As part of the IDEA-B grant application process, the Program Administrator will need to know the prior year Special Education expenditures and the next fiscal year budgeted Special Education Expenditures. The Executive Director for Financial Services shall provide these amounts upon request of the Program Administrator in conjunction with the grant application process.

### **Single Audit**

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

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

Upon receipt of the Single Audit, the Executive Director for Financial Services shall determine if the audit contains any Corrective Actions of Questioned Costs.

- If there are any Corrective Actions, an Action Plan to remedy the deficiencies shall be developed and implemented collaboratively by the Business Office and Curriculum Department.
- If there are any Questioned Costs, an Action Plan to reclassify the un-allowed expenses shall be developed and implemented by the Executive Director for Financial Services.

The Executive Director for Financial Services shall electronically submit the Single Audit to the Federal Audit Clearinghouse at the end of the fiscal year. Verification of the submission shall be maintained for audit purposes.

### **Reporting Requirements**

The district shall ensure that all reporting requirements for grant programs are met within the established timelines. Completion of the reports may require the collaboration of several departments; however, the ultimate responsibility for the reporting requirement shall be as noted below:

- 1) Programmatic reports such as activity, progress and evaluations – Program Administrator
- 2) Expenditure reports such as interim, draw down, and final expenditure reports – Executive Director for Financial Services
- 3) Compliance reports such as Comparability, Maintenance of Effort, Indirect Cost, etc. – Executive Director for Financial Services
- 4) Highly Effective Staff reports – Program Administrator

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

### **Remedies for Non-Compliance**

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

### **Grant Closeout Procedures**

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

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

The Program Administrator must ensure that all grant close-out provisions are met on a timely basis and resolved with the awarding agency to avoid a termination of the grant award.